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Privatization and Foreign Investment in the Developing World, 1988-92

Frank Sader

Developing countries can use privatization to attract foreign investment in two ways: by selling assets to foreign investors and by improving the general economic environment so that investment seems more likely to be profitable.

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This paper — a product of the Debt and International Finance Division, International Economics Department — is part of a larger effort in the department to evaluate foreign investment as a source of financing for developing countries. Copies of the paper are available from the World Bank, 1818 H Street NW, Washington, DC 20433. Please contact Rose Vo, room S8-042, extension 31047 (October 1993, 62 pages)

Foreign direct investment in the developing world has grown rapidly in recent years, making it one of the most important sources of financing to developing countries. Sader presents a database on about 1,100 global privatization transactions from 1988 through 1992.

Between 1988 and 1992, developing country governments earned almost US$62 billion in revenues from the sale of state-owned assets. About a third of those revenues came from foreign sources. Privatization in Latin America represents about 66 percent of privatization in the developing world. Privatization in Europe, including Eastern Europe, accounts for 17 percent, and privatization in East Asia, 13 percent. The heaviest foreign participation is in Eastern Europe, primarily for lack of domestic financing.

Foreign investors' general participation in privatization programs was strong, providing developing countries with substantial amounts of foreign exchange.

The relative size of the privatization program and the degree of openness to foreigners are important determinants of foreign direct investment. Each dollar in privatization revenue generates an additional 35 cents in new foreign direct investment inflows, and a 1 percent increase in foreign participation adds another 50 cents.

In addition to the direct inflow of funds through the sale of assets, many developing countries also increasingly attracted foreign investment outside of their privatization programs. Privatization of infrastructure and the financial sector especially seem to have sent important signals to foreign investors, indicating an improved economic environment and possibly the eventual elimination of bottlenecks. Improved expectations about the profitability of investment projects render these countries more attractive to foreign investors.

PRIVATIZATIONS AND FOREIGN INVESTMENT IN THE DEVELOPING WORLD: 1988-1992

by
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SUMMARY

Foreign direct investment in the developing world experienced a rapid growth in recent years, rendering it one the most important financial flows to developing countries as a whole. One of the driving forces behind this renewed interest by private investors in developing country economies is the privatization of state-owned enterprises, which expanded rapidly over the last years in many developing countries. In order to gain a better understanding of the relationship between privatizations and foreign investment, a database was constructed for privatization transactions worldwide for the period 1988-92. The data were compiled based on information from a wide variety of public sources such as newspapers and journals, country and regional departments as well as residence missions of the World Bank, and privatization groups and ministries within the individual countries. The database comprises about 1,100 transactions and is available from the author upon request.

The study shows that during the period 1988-92, developing country governments earned almost US$62 billion in revenues from the sale of state-owned assets. About a third of these revenues came from foreign sources in the form of portfolio equity and foreign direct investment. Measured in sales volume, the largest privatizers are located in Latin America, which accounts for 66 percent of total privatizations in the developing world. European countries, including the Eastern European economies, account for 17 percent, followed by East Asia with another 13 percent. The degree of foreign participation differs substantially among countries, but the Eastern European nations clearly show the most substantial involvement of foreign investors compared to other large privatizers, primarily due to the fundamental lack of domestic investment finance. But besides being a direct source of foreign exchange, privatizations also serve as an important vehicle in attracting additional foreign investments, not directly obtained from the sale of state-owned assets to foreigners. An econometric analysis shows that the relative size of the privatization program as well as the degree of openness to foreigners are important determinants of foreign direct investment inflows. In fact, for the analyzed sample of countries, it turns out that each dollar in privatization revenue generates an additional 38 cents in new foreign direct investment inflows, and that a one percentage increase in foreign participation adds another 50 cents. The analysis also shows that privatizations in the financial sector and infrastructure have a strongly positive effect on foreign investors, while privatizations in manufacturing or services do not appear to attract foreigners to any significant extent beyond the initial sale of the state-owned enterprises themselves. Thus, developing countries can use privatizations as a vehicle to attract additional foreign investment in two ways: directly through the sale of assets to foreign investors as well as by improving the general economic environment such that it appears more profitable for foreigners to engage in ventures in these countries.

I. Introduction

During most of the 1980s, the majority of the developing countries were basically shut out from the international capital markets, following the borrowing binge of the 1970s and the breakdown of normal financial relations in 1982/83. This financial constraint, particularly severe for the heavily indebted countries, quickly translated into declining investment expenditures and growth rates in these countries. In recent years, however, these same countries witnessed a substantial increase in inflows of equity capital in the form of portfolio equity and foreign direct investment (FDI), reflecting a renewed trust in the economic potential of many developing countries. FDI alone rose by almost US$29 billion between 1987 and 1992, reaching a projected US$38 billion last year. Together with portfolio equity investments of US$35 billion, private investments in the developing world accounted for almost 60 percent of total net resource flows in 1992.[1]

This remarkable turnaround in private flows is driven by a general climate of macroeconomic stabilization and liberalization, providing a more attractive environment to private investors. In most countries affected by the debt crisis, stabilization was achieved through an extensive program of sound macroeconomic policies combined with several rounds of debt work-outs with official and, in particular, private creditors. Economic liberalization is generally pursued via the reduction of trade restrictions as well as the elimination of distortions within the domestic economy in order to improve international competitiveness. For many countries, a centerpiece of this liberalization effort is a strong move towards privatization of formerly state-owned enterprises (SOEs). After a relatively slow start in the mid-1980s, privatization programs expanded remarkably over the last five years in many developing countries and fueled a rapid growth in foreign direct investment, supporting the recovery in gross domestic investment which fell substantially during the mid-1980s.

The existence of privatization programs is generally acknowledged as one of the central reasons for the renewed access to international capital markets as well as rising investment levels in developing countries. As of yet, however, no detailed study has been undertaken to analyze the size and extent of privatizations and its impact on capital inflows and investment levels. This paper intends to fill this gap by providing information on privatization transactions world-wide at a micro-level. A database was constructed, listing privatization transactions during the period 1988-1992 for all developing and industrialized countries for which information was available. Based on this information, the foreign exchange content of these transactions in the form of foreign direct investment and portfolio equity investment was estimated, allowing some inferences regarding the financial effects of the existing privatization programs.

The study shows that privatizations grew at an unprecedented rate in recent years and contributed substantially to the boom in foreign financing from private investors. While privatization programs started in many countries during the mid-1980s already, they became effective and wide-ranging not before the end of the decade. During the period

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[1] see World Debt Tables 1992-93, Vo.I, p. 160.

1988-92, the developing world witnessed the privatization of about 870 medium- and large-sized enterprises, generating a revenue of almost $62 billion. The strongest privatizers were located in Latin America and Eastern Europe, while sub-Saharan African countries did barely engage in any significant sell-offs of state assets. Foreign investors contributed substantially to this privatization boom through portfolio equity as well as foreign direct investment, accounting for about 30 percent of total revenues. But besides the direct gain of foreign exchange through the sale of SOEs, privatizations also have the ability to attract additional investments indirectly. It appears that extensive privatizations in infrastructure projects and financial institutions have a positive effect on foreign direct investment inflows by enhancing the profitability of the economic environment for private ventures.

The following section lays out experiences with privatizations in developing countries prior to 1988 based on previous studies undertaken. In Section III, the data on recent privatization transactions are presented and analyzed at an aggregate level . The direct inflows of foreign exchange in the form of foreign direct as well as portfolio equity investment resulting from privatizations are analyzed in Section IV. Section V describes privatization experiences at the country level and provides a comparison of the intensity of privatizations among countries. A more detailed discussion of the privatization programs in individual countries that engaged strongly in privatizations is relegated to the Annex. Besides the direct gains from asset sales to foreigners, privatizations, in the areas of infrastructure and finance in particular, played an important role in attracting additional FDI, as shown in an OLS regression analysis in Section VI. Section VII concludes the study by summarizing the findings and discussing the prospects for privatizations in the near future.

II. Early Experiences with Privatizations

II.1 The Formation of State-Owned Enterprises (SOEs)

Starting in the early 1960s, the developing world witnessed a steady expansion of economic activity carried out by the public sector. Governments increasingly intervened directly in the economic process to support economic development. Ideological reasoning aside, the primary arguments for this economic strategy were based on efficiency criteria. Particular sectors such as mining, petroleum, telecommunications, finance, transportation, and heavy industry were viewed as central to the development strategy by providing crucial goods and services to all other industries. Governments hoped to accelerate economic growth by eliminating bottlenecks in these crucial areas, enhancing the profitability and performance of all other sectors. Most importantly, these intended efficiency gains were expected to translate into increased export earnings, reducing the often severe foreign exchange constraint. The export of raw materials in the mining or hydrocarbons sectors, in particular, were thought to boost export performance directly, while the provision of intermediate goods and services was expected to improve the competitiveness of domestic industries in the world markets.

The development of these core sectors was, however, generally quite unsatisfactory due to structural market failures which impeded the progress of the economy as a whole. In most cases, the private sector was viewed as structurally weak, not having access to the necessary skills and financial means to provide these strategically important "public goods". In order to overcome these inadequacies, the public sector began to carry out a steadily increasing share of domestic capital formation, reaching on average over 45 percent in 1985 in the developing world.[2] The main instrument for government intervention was the creation of SOEs in those sectors deemed most important. By the early 1980s, SOEs are estimated to have accounted for an average 17 percent of GDP in Sub-Saharan Africa and around 12 percent in Latin America. Asia, on the other hand, revealed a relatively modest share of only 3 percent (excluding China, India, and Myanmar), while Eastern Europe's SOEs were responsible for up to 90 percent of total domestic production.[3]

All too often, however, the efficiency considerations, initially used as an explanation for the rapidly expanding economic activities of the public sector, were quickly replaced by short-term political goals, rendering SOEs primarily as large employers and suppliers of highly subsidized goods and services to the public. Thus, in many cases, SOEs did not contribute significantly to the long-term development process, being directed at quelling temporary economic dissatisfaction rather than improving long-term economic efficiency. Instead of generating economy-wide multiplier effects, fostering the development of private industry through the provision of essential services and raw materials, they typically turned out to be grossly inefficient, resulting in bottlenecks and generally

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[2] see Pfeffermann and Madarassay (1992), Table 4b, p.26.

[3] see Kikeri, Nellis, and Shirley (1992), p.15.

inadequate and deteriorating infrastructural conditions.[4] The social benefits resulting from the provision of subsidized goods and services to the public in the form of staple goods, energy, transportation and others became an increasing financial burden to the governments, when many of these SOEs incurred substantial financial losses, draining resources from the budget as well as the domestic financial markets. In 1982, the Mexican government had to spend 4 percent of its GNP in transfers and subsidies to its SOEs. During 1989 to 1991, SOE losses are estimated to have reached 9 percent of GDP in Argentina and, on average, over 5 percent in Sub-Saharan African countries.[5]

SOEs also generally failed to enhance export growth and to provide the country with additional foreign exchange. On the contrary, with relatively easy access to foreign capital during the lending boom of the 1970s, SOEs absorbed a substantial amount of loans taken on in the international financial markets, rendering them a substantial contributor to the ballooning of sovereign debt during the 1970s. With creditors effectively treating them as part of the government based on public guarantees issued by the authorities, SOEs could obtain loans independent of their economic performance. Hence, during the period of 1970 to 1982, the real stock of debt of SOEs grew at an average annual rate of 10.8 percent, compared to an average 7.4 percent growth of Non-SOE debt, reaching $164 billion at constant 1991 dollars, or 23.6 percent of the total stock of debt. Servicing the old debt proved to be a heavy burden for the governments: SOE debt alone accounted for almost 30 percent of total debt service. Creditors managed to avoid extensive defaults by continuously rescheduling the outstanding debt. Within this process almost $100 billion had to be rescheduled, accounting for 16.5 percent of total reschedulings for the developing world. With SOEs being unable to service their debt and requiring reschedulings, public guarantees became reality in the sense that the government effectively had to take over the rescheduled portion of the SOE debt, further increasing the stock of public debt and exacerbating the debt burden for the governments of developing countries.[6]

Confronted with the generally disappointing performance of the SOEs and the dire financial straits, many developing countries found themselves in during the 1980s, privatization became an important economic policy tool in many developing countries. The transfer of ownership is generally hoped to improve the efficiency with which these strategically important goods and services are provided, forcing the firms to follow market signals by eliminating the existing soft budget constraints. Equally important, many governments hope to reduce budgetary pressures resulting from subsidies and transfer payments, while at the same time generating revenues as well as foreign exchange through the sale of these assets.

[4] For an example in the case of Latin America see World Bank (1991).

[5] Kikeri, Nellis, and Shirley (1992), P.15.

[6] Based on the World Bank's *Debt Reporting System* (DRS).

II.2 The Early Phase of Privatizations

The beginnings of privatization programs, defined as a systematic strategy by the public sector to withdraw from direct economic activity, is usually associated with the United Kingdom and Chile as the two most outstanding cases. In both countries, the initial motivation was primarily ideological and political in the sense that the government intended to return to private ownership assets that were previously nationalized.

In the United Kingdom, an extensive privatization program was initiated by the Conservative Party shortly after its election in 1979. The general goals were to reduce government involvement in commercial activities, widen private share ownership, and raise government revenue to help finance a notorious budget deficit. A large number of well-known companies were transferred to private ownership, among them British Petroleum, British Gas, British Telecom, British Airways, Jaguar, Rolls Royce, and Cable & Wireless. Over the last 13 years it is estimated that the country has raised approximately $65 billion through privatizations.[7]

Chile developed probably the most extensive privatization program in the world. According to one estimate, Chile has transferred twice the value of state-owned assets relative to GNP compared to the U.K.[8] The program was started in 1974 under the military regime of General Pinochet as a reaction to the socialist government under Salvador Allende who during 1970-73 nationalized about 350 enterprises, giving the government control over approximately 600 enterprises accounting for almost 50 percent of GDP.[9] In the first two years, around 240 enterprises were returned to their previous owners, and by 1983 another 110 enterprises had been divested. During this time, only around US$1 billion was raised in revenue, because, in most cases, the assets were simply returned without any official sales transaction. Following the financial shock of the debt crisis, which led to an increased involvement of the state by bailing out many large financial and industrial conglomerates, a final phase of privatization began in 1985. Since then, Chile has divested most of the remaining 40 large industrial enterprises under state control, predominantly via the sale of shares, generating a total revenue of approximately $1.4 billion.

For the overwhelming majority of developing countries, however, the recent trend in privatizations was not based on particular ideological reasoning, but rather initiated out of economic necessity. Given the stringent financial constraints most countries faced during the 1980s, ways had to be found to relieve the already strained budget from any additional pressures. Clearly, one of the first items on the list were transfers and subsidies to SOEs, a move strongly supported by the multilateral organizations. In most structural adjustment programs by the IMF as well as the adjustment loans made by the World Bank, a reduction of SOE support payments, combined with pricing at operating costs and a general deregulation were envisaged.[10] These adjustment programs were often heavily

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[7] Euromoney, 1992, p.3.

[8] The Financial Times, April 11, 1990.

[9] Nankani (1988), p.18.

[10] see International Monetary Fund (1985), and Mosley (1988).

contested in the political arena of the developing country concerned. A reduction of public expenditure combined with the elimination of subsidies on basic goods and services affected predominantly the lower income groups who are disproportionately dependent on the provision of subsidized public services. Large price increases on staple goods and essential services such as transportation effectively meant a further reduction in living standards in an environment of economic decline and rising unemployment. The "meddling" with the public sector as the last economic stronghold for a large portion of the population proved to be a potential social explosive, rendering the implementation of public sector reforms politically dangerous. Thus, attempts to establish extensive privatization programs all too often got bogged down in drawn-out political debates, resulting in a rather slow take-off of privatizations until the late 1980s.

However, despite these political problems, quite a substantial number of SOEs were already privatized during the period 1980-87. In a recent World Bank study analyzing the techniques of SOE privatizations[11], Candoy-Sekse compiled information on privatization transactions worldwide for this time period. While the provided information is very detailed for the 83 countries included, some essential data are unfortunately missing. In particular, information on the date of the transaction as well as its size in terms of the sale amount is usually not provided. Thus, it is impossible to determine the privatization volume and to track its development over time, only allowing for a comparison of countries based on the aggregate number of transactions. This, of course, carries the danger that individual countries are misrepresented if compared by the number of transactions, given that the importance of each privatization program relative to the size of the economy cannot be determined. Furthermore, Candoy-Sekse herself points out "that the information provided is uneven"[12], depending on the availability of data from government sources or World Bank reports.

But despite these caveats, some interesting inferences can be made regarding the extent of privatizations during 1980-87. The study lists a total of 696 completed privatization transactions, 456 of which were carried out in the 64 developing countries included. According to these data, Sub-Saharan Africa and Latin America and the Caribbean, two regions with a strong record of government involvement in economic activity, were the most intensive privatizers during the period. Europe and Central Asia had practically no privatizations due to the fact that Eastern Europe at that time still had a centrally planned economic system. The largest privatizers in Sub-Saharan Africa were Guinea with 40 transactions, followed by Côte d'Ivoire with 36, Togo with 17, and Niger with 14. In Latin America, Chile leads the list with 40 individual privatizations, followed by Jamaica with 34, Brazil with 29, and Mexico with 10.

With respect to the sectoral distribution of privatization transactions, agribusiness clearly dominates with over 100 transactions, followed by services with 70 transactions and manufacturing with another 55. It is interesting to note that these three sectors account for a total of 50 percent of the total number of transactions, while energy, finance,

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11 Candoy-Sekse (1988).

12 ibid., p.vii

transport, and hydrocarbons, which accounted for 90 percent of the SOE stock of debt in 1986, had a combined share of only 21 percent of all completed privatization projects during the period 1980-87. It thus seems that during this period most countries had not yet managed to rid themselves from the most prevalent pressure stemming from the public enterprise sector but rather engaged in privatizing other, relatively minor government-owned assets, possibly as the first timid steps toward extensive and economically meaningful privatization programs.

Table 1: GLOBAL PRIVATIZATION TRANSACTIONS, 1980-1987
by number of transactions

Sector	Sub-Saharan Africa	South Asia	East Asia & Pacific	Latin America & Caribbean	Europe & Central Asia	Middle East & North Africa	Subtotal	Industrialized Countries	TOTAL
Agribusiness	63	2	1	27	0	9	102	20	122
Chemicals	6	1	0	7	0	0	14	5	19
Energy	1	0	0	6	0	0	7	6	13
Finance	4	2	3	26	0	0	35	27	62
Heavy Industry	12	1	5	4	0	1	23	6	29
Hydrocarbons	7	0	2	2	0	1	12	16	28
Manufacturing	24	4	7	17	0	3	55	56	111
Mining	4	1	0	4	0	3	12	2	14
Services	31	0	11	22	0	6	70	26	96
Telecommunication	0	1	1	5	2	0	9	13	22
Transport	13	1	10	9	0	2	35	35	70
others	19	0	55	7	0	1	82	28	110
TOTAL	184	13	95	136	2	26	456	240	696

Source: Rebecca Candoy-Sekse, "Techniques of Privatization of State-Owned Enterprises", Vol.III, World Bank Technical Paper No. 90, Washington, D.C. 1988.

Note: "others" of 55 for East Asia & Pacific results from privatizations in the Philippines, which were only cited in the aggregate.

However, as already indicated, this comparison of countries based on the number of privatization transactions alone is misleading, not reflecting the size and importance of individual transactions for each country and in comparison among countries. The fact that Sub-Saharan Africa turns out to be the region with the strongest privatization efforts during this period appears counterintuitive given the observation in recent years, as will be seen in the following section. Taking into account that the vast majority of concluded privatization projects occurred in agribusiness indicates that the information includes a substantial number of small-scale privatizations with assets of very low absolute value. Thus, while the privatization effort in certain countries might look impressive in terms of the actual number of transactions completed, it is very likely that the actual economic impact of these privatizations was relatively small.

III. The Recent Wave of Privatizations, 1988-1992

III.1 The Data

In order to evaluate the magnitude of privatizations in recent years, a database was compiled at a micro-level for the period 1988-1992, which is presented in the Appendix in Tables A-1 and A-2. In general, the data are based on publicly available information from numerous sources ranging from newspaper and journal articles to direct information from privatization agencies and ministries as well as country operations, regional support groups, and resident missions within the World Bank.[13]

For the purpose of this study, privatizations are defined as the transfer of productive assets from the public to the private sector involving some type of sale agreement. This includes all direct sales of public assets to private investors in the form of public offers or private sales. It also includes the contracting out of government services through concessions or licensing agreements. Any divestitures of SOEs in the form of simply shutting down operations and mothballing assets, on the other hand, are not included. This should not be interpreted as implying that such mothballing are considered unimportant. In fact, the benefits of shutting down inefficient enterprises can be substantial in the long-run through the elimination of sectoral distortions as well as through the alleviation of budget pressures resulting from subsidy and transfer payments for the purpose of covering losses. Typically, however, this strategy is restricted to relatively minor operations with small asset value, thus not contributing significantly to the evaluation of privatization programs when measured in monetary units. In addition, data on this type of divestitures are not easy to come by and, even if available, are far from comprehensive.

Some warnings regarding the interpretation of these data are necessary. First of all, despite the already extensive list of individual transactions, any claims regarding completeness of this data set cannot possibly be made. For one, it can be expected that many small-scale privatizations have been carried out by governments which are not listed here, because individual transaction information is plain not available. For the sake of consistency, projects with a sales value of less than $50,000 were excluded, even if information was available. In addition, some countries might not appear in the list, despite having carried out privatization projects, simply having escaped the author's attention. This might be true in particular for some Sub-Saharan African countries, whose privatization programs are in terms of monetary units so small in comparison to other countries, that they are usually not mentioned in standard sources. With respect to individual transaction information, great care has been taken to verify and update all data. However, for many projects certain pieces of information could not be obtained. In some cases, it was also impossible to distinguish between sales price and committed investments. Especially in the case of Eastern Europe, privatization contracts are often written such that the buyer commits to a certain amount of future investments besides the actual cash transfer for the purchased asset itself. This makes it difficult to determine the

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[13] For more information on data sources and details on data compilation and estimation refer to the Appendix.

actual sale price as well as the timing of the actual inflow of cash revenue. While additional information could be obtained in the cases of Hungary and Poland to, at least partially, correct for this problem, no better information was as of yet available for the former Czechoslovakia.

III.2 Global Trends in Privatizations

Over the period 1988-1992, the number of annual privatizations worldwide grew rapidly from 62 in 1988 to almost 480 in 1992, generating a total cash revenue for the public sector of almost $185 billion in a total of slightly over 1,100 transactions. Not included here are privatizations in the former East Germany. According to the Treuhandanstalt, the German state agency responsible for privatizations, a total of 11,043 entities were sold between 1990 and end-1992 for about $25 billion with an additional $106 billion in investment commitments.

The expansion in the number of privatization transactions carried out clearly stems from the developing world, where various sizable privatization programs began to take off during this time. Revenues also increased steadily, and by 1992, the public sectors of the developing world had earned $61.6 billion in about 870 privatizations. For industrialized countries, on the other hand, the list of completed privatization projects grew at a far slower pace, reaching 67 recorded transactions in 1992. One obvious reason for this is that the number of entities in public hands is far smaller in industrialized countries. Their asset value, however, is on average significantly larger: a total of around 250 projects generated a total revenue of about $123 billion, resulting in an average revenue per project of almost $600 million, compared to less than $85 million in the developing world.[14] In 1992, however, the total sales volume in developing economies of $23.2 billion was, for the first time, larger than the revenues generated by privatizations in industrialized countries ($17.3 billion).

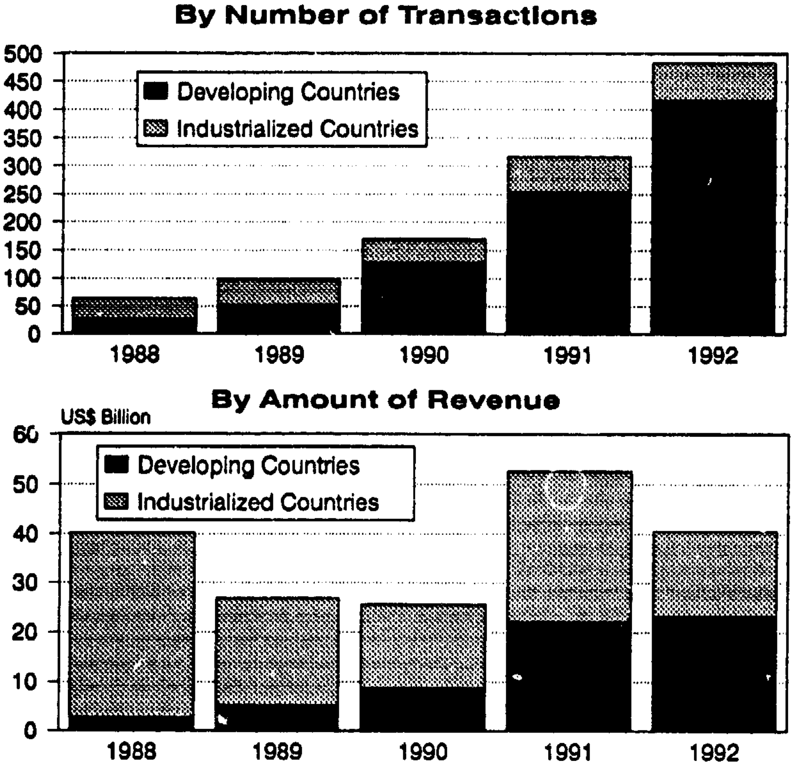
But revenues in industrialized countries are generally quite erratic over time, being to a large extent dependent on the size of the relatively small number of individual projects carried out by industrialized countries each year. Thus, revenues are extraordinarily high in 1988 for the simple reason that the Japanese government decided to sell 9.6 percent of Nippon Telegraph and Telephone for $22.8 billion, accounting for over half of total privatization revenues in the world that year. In 1991, the United Kingdom privatized British Telecommunications for almost $10 billion as well as four major power utilities for an additional $9 billion, generating another boom in privatization revenues.

The U.K. also is still the strongest privatizer in the industrialized world, having privatized 62 entities during the period with a strong focus on power and water utilities, which accounted for over 56 percent of the total $48 billion generated in revenue. Other particularly strong privatizers in the industrialized world are Canada with 25 transactions

[14] For the purpose of this calculation, only transactions were taken into account for which information about the sales price was available.

for $5.7 billion, Italy with 17 projects for $6.6 billion, New Zealand also with 17 projects for $6.3 billion, and Australia with 15 transactions for $6.2 billion.

Figure 1 GLOBAL PRIVATIZATIONS, 1988-1992



Privatizations in the former East Germany by the Treuhandanstalt are excluded.

III.2 Trends in Developing Country Privatizations

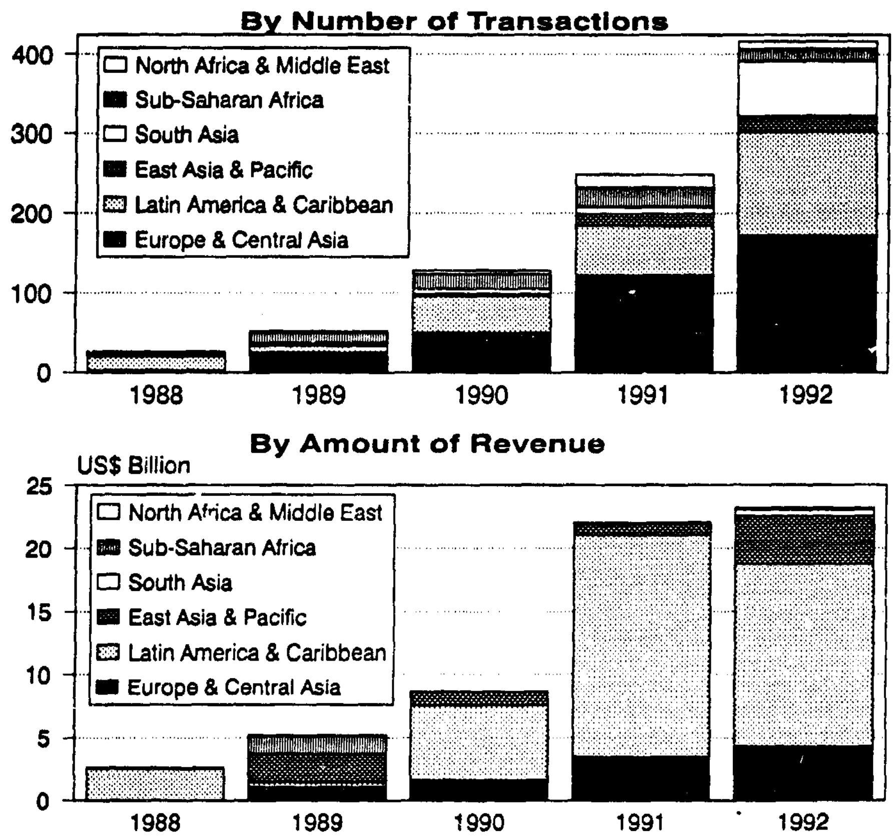
In developing countries, privatizations increased drastically over the last five years, both in terms of the number of transactions as well as in revenue. The number of transactions rose from a meager 26 in 1988 to 416 in 1992, and, over the same time period, privatization revenues increased from $2.6 billion to $23.2 billion, implying an average nominal growth rate of about 73 percent per year.

While privatization programs are generally becoming more popular and expand rapidly, the developments differ quite substantially across regions. In the region *Middle East and Northern Africa*, only Tunisia showed any substantial privatization activity. *Sub-Saharan Africa* has generally not to any major extent participated in the recent wave of privatizations and progress has been very slow. While some countries engaged in not insubstantial privatization programs in terms of number of transactions, the asset value of the SOEs involved is overall only marginal with the exception of two sales in South Africa during 1989. Over the period as a whole, 76 transactions could be recorded for a total volume of about $240 million or only a meager 0.4 percent of total sales revenues in the developing world.[15] For *East Asia and the Pacific*, no transactions could be found for

[15] Excluding South Africa with two transactions worth US$1.4 billion in 1989.

1988, but the number of completed privatizations increased, reaching 20 in 1992 for $3.8 billion. While the number of transactions was not particularly large, the average asset value of the individual projects was quite large, resulting in a total revenue of $7.8 billion over the period as a whole. In comparison, 1992 was the year for privatizations in *South Asia*. While only a small number of SOEs were sold in the previous years, 1992 saw an explosive growth in privatization transactions because of strong activity in Pakistan and Sri Lanka, reaching 69 privatizations. Most of the companies sold were, however, only of small value, resulting in a total revenue of not more than $0.6 billion. But the strongest growth in privatization transactions was, not surprisingly, found in *Eastern Europe and Central Asia*. In 1992, 173 SOEs were sold for a total revenue of $4.3 billion.[16] Privatization programs in *Latin America and the Caribbean* expanded steadily over the last years and are certainly the most successful in the developing world in terms of revenue generated, with a peak of $17.9 billion in 1991. In 1992, the sales volume declined slightly, but was still substantial with about $14.6 billion.

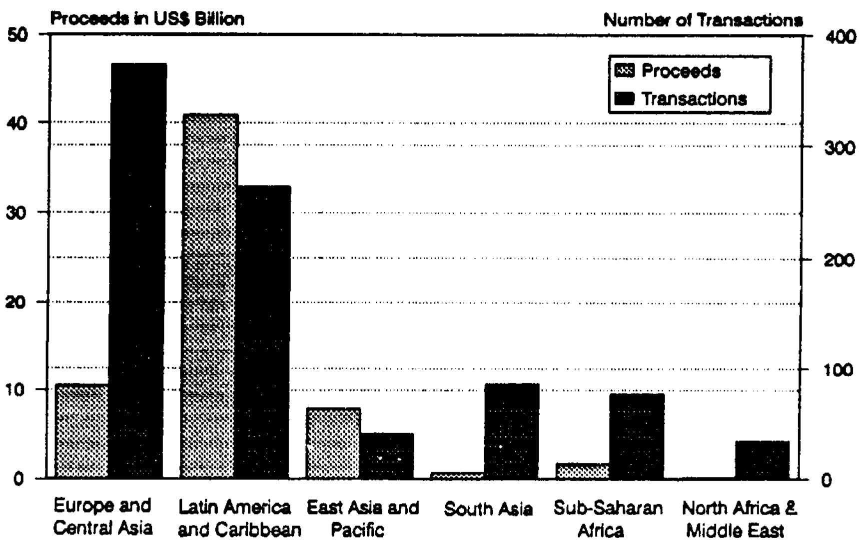
Figure 2 PRIVATIZATIONS IN THE DEVELOPING WORLD
by geographic region, 1988-1992



[16] Note that small-scale mass privatizations, in particular for the case of the former Czechoslovakia, are not included here because disaggregated data were simply not available. Government sources indicate, however, that the government received slightly less than $300 million through the voucher scheme for the privatization of 1491 small enterprises. But she also argues that this scheme was irrelevant from a budgetary point of view, with the proceeds being used to cover the expenses of running the scheme.

A comparison of the regions over the last five years points to some interesting differences. The massive privatizations in Eastern Europe resulted in a total number of transaction of 373 for Europe and Central Asia, but only $10.6 billion in revenue were generated.[17] In general, the average asset value in Eastern Europe is significantly smaller relative to other middle income countries, rendering these privatization programs far less attractive from a budgetary perspective. But, of course, revenue generation only plays a secondary role in the effort to restructure the economic system as a whole. Privatizations in these countries primarily served as a mechanism to support the transformation process by rapidly expanding private ownership, even if at the expense of government revenues. Latin America, on the other hand, privatized a total of 266 entities for $40.9 billion during the period, providing the governments concerned with substantial amounts of additional income.

Figure 3 PRIVATIZATIONS IN THE DEVELOPING WORLD, 1988-1992
Aggregated by Geographic Region



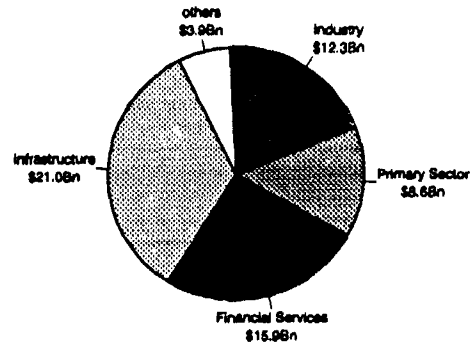
In terms of economic sectors, privatizations in infrastructure, which includes electric and water utilities, transportation, and telecommunications, are clearly dominating, accounting for 34 percent of total revenues for the developing world as a whole. Industrial production, comprising chemical production, heavy industry, and manufacturing is the second most important sector having generated a fifth of total revenues. Privatizations of financial institutions was also very strong during the period, accounting for almost 26 percent, resulting primarily from the re-privatization of commercial banks that were nationalized in many countries during the early stages of the debt crisis. With respect to the primary sector, privatizations were relatively strong in petroleum-related activities. The number of mining transactions was relatively minor, and while a not insignificant

[17] Excluding Portugal and Turkey, the only non-Eastern European countries in the group, 294 entities were privatized for a total of only $5.7 billion.

number of agribusinesses were sold by developing country governments, they were typically small in terms of asset value.

Figure 4 PRIVATIZATIONS IN THE DEVELOPING WORLD
By Sector, 1988-1992

All Developing Countries
(Total Revenue: $61.6 Bn)



Infrastructure includes power, telecommunications, transport, and water; Primary Sector includes agrobusiness, hydrocarbons, and mining; Industry includes chemicals, heavy industry, and manufacturing; others includes services and transactions which could not be classified.

But again, these trends differ quite substantially among geographic regions. Given that *Latin America and the Caribbean* represents two thirds of worldwide privatization revenues, the sectoral distribution in this region is very similar to the global one. Due to the privatization of large telecommunication entities in Argentina, Mexico, and Venezuela, as well as the sale of numerous utilities and transportation enterprises, particularly by the Argentine government, infrastructural privatizations amounted to 14.5 billion or 34 percent of the total. Mexico privatized the entire banking sector during 1991 and 1992 for a total of $12 billion, making privatizations in financial services particularly important, accounting for over 30 percent of total revenues. Privatizations in industry of almost $10 billion were boosted by the sale of the Brazilian Usiminas for around $1.5 billion in 1991. The quite sizable amount of revenue through sales of primary sector enterprises resulted foremost from the privatization of large stakes of petroleum- and gas-related activities in Brazil and, especially, in Argentina, as well as from the privatization of Mexicana de Cobre in 1988 for almost $1.4 billion.

Privatization revenues in *East Asia and the Pacific* are overwhelmingly dominated by infrastructural projects, accounting for almost four fifth of the total sales revenue of $7.8 billion during the period. The largest projects in this area were one energy utility in South Korea for $2.1 billion as well as several large utility and telecommunications projects in Malaysia for a total of $3.9 billion. Sales of manufacturing enterprises as the second most important sector accounted for only 9 percent of total revenue.

Privatizations in *South Asia* are only minor in asset value, amounting to only $600 million or 7 percent of total revenues for all of Asia. But in terms of numbers of transactions, significant programs exist in Pakistan, Sri Lanka, and to a smaller extent also in India.

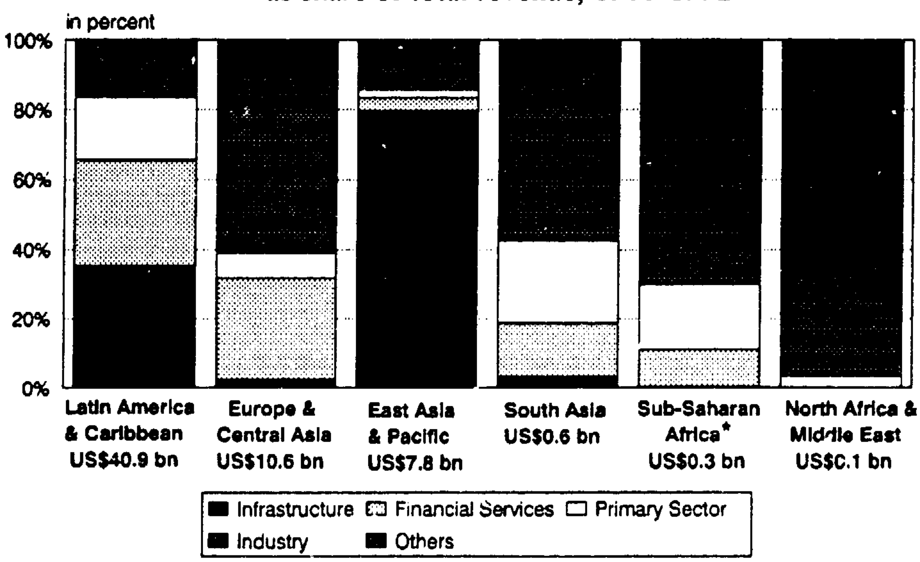
The sell-off of manufacturing enterprises amounted to almost half of total revenues, followed by the primary sector, which accounted for another quarter.

Eastern Europe and Central Asia differs quite significantly from other regions in the sectoral composition of its privatizations. Infrastructure projects are marginal, representing less than 3 percent of total revenues. Industry with almost 54 percent of the total is by far the strongest sector. Eastern Europe alone carried out around 150 transactions in chemical production, heavy industry, and manufacturing. In addition, Turkey actively pursued a privatization of its cement producing industry, which generated almost 60 percent of its total privatization revenue.

In *Sub-Saharan Africa* (excluding South Africa), revenues from privatization were relatively low, adding up to only $250 million over the five years. Privatization in industry and services being the most relevant transactions, amounting to 44 percent of total revenue. In comparison to the other regions it is especially noteworthy that practically no infrastructural projects have been privatized.

Privatizations in *North Africa and the Middle East* are determined by the sales of the Tunisian government during the period. Two thirds of total revenues were generated through the sale of large hotel complexes, followed by another 30 percent from the sale of various manufacturing enterprises of only minor asset value.

Figure 5 SECTORAL DISTRIBUTION OF PRIVATIZATIONS IN THE DEVELOPING WORLD
as share of total revenue, 1988-1992



Infrastructure includes power, telecommunications, transport, and water; Primary Sector includes agrobusiness, hydrocarbons, and mining, Industry includes chemicals, heavy industry, and manufacturing; Others includes services and transactions which could not be classified

*excluding South Africa

IV. Privatizations as a Source of Foreign Exchange

IV.1 Data

Foreign investors can participate in privatization transactions through foreign direct investment or portfolio equity investment. In the case of portfolio equity investment, the foreign buyer engages in a purely financial investment with the individual share not exceeding 10 percent. For an investment to qualify as foreign direct investment, the investor has to acquire 10 percent or more and is usually interested in having, at least, substantial influence over the operations of the company.

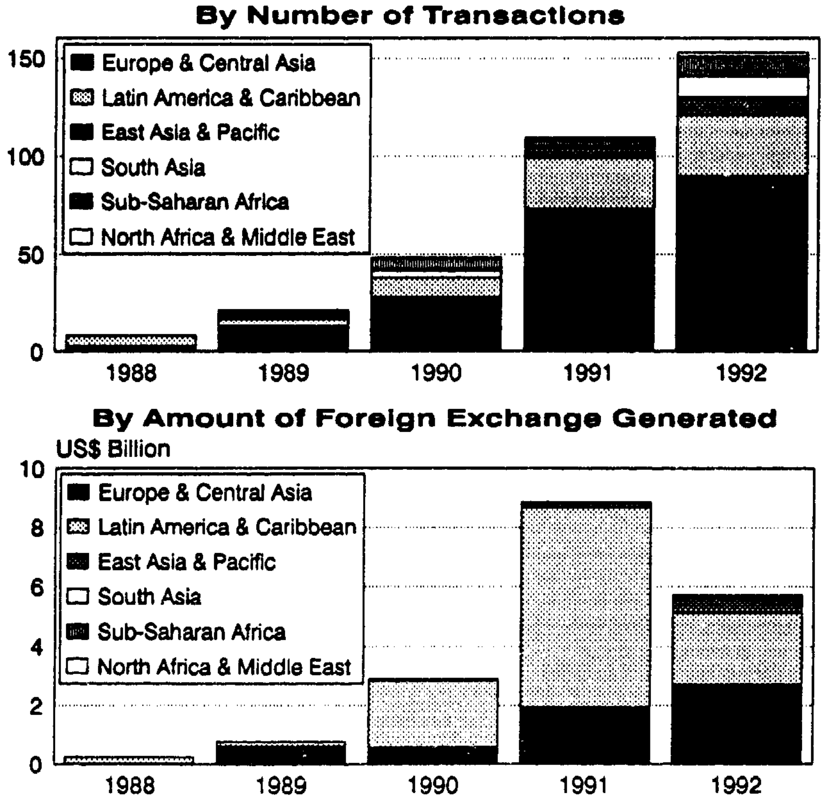
Privatization transactions involving portfolio equity investments are rare, but typically quite large in volume. Hence, this information is generally well documented and easily available. In most cases, however, foreign investors tend to be more interested in direct investments, allowing them to shape the future of the enterprise bought, as independent as possible from interests of local groups, including the state. Information about the participation of foreign buyers in privatization programs including their share in the purchase is typically not readily available, especially not at a disaggregated level. Hence, in cases where no additional information could be obtained, the amount of foreign direct investment resulting from privatizations had to be estimated based on the nationality of the buyer. If no information was at all available regarding the buyer's identity, it was assumed that the investor was local, involving no foreign investment. In this respect, the foreign exchange values obtained are a lower bound of actual inflows. On the other hand, inflows are possibly overestimated in cases where committed investments were included in the purchasing price. Especially in Eastern European transactions, contracts are often written such that future investments are included. While adjustments could be made based on additional information in the cases of Hungary and Poland, the numbers for Czechoslovakia have to be taken with a grain of salt due to data limitations.

IV.2 Overall Trends

The involvement of foreign investors in privatization programs is sought after by most governments despite - often strong - political opposition, fighting against the "selling out" of domestic interests. However, the participation of foreign investors is often essential, particularly for large projects, because the local capital market is too thin and needed technological and managerial expertise is not available. Furthermore, the sale of such assets promises the receipt of sizable amounts of foreign exchange, needed in a situation of limited access to foreign capital. But in order to attract foreigners, the privatizing authorities first have to prove their political willingness and commitment to an extensive privatization effort, characterized by a reliable and transparent system of rules and regulations. Hence, during the take-off period, most privatization programs do not show any extensive foreign participation, but over time the number of foreign buyers rises quickly, should the program prove reliable.

While foreign investors only participated in 8 operations in 1988, they were involved in 200 by 1992 and a total of 392 over the whole period. A total of $18.5 billion in foreign exchange was generated during this time, with a peak of $8.8 billion in 1991, representing 40 percent of the total revenue from privatizations that year.

Figure 6 FOREIGN PARTICIPATION IN DEVELOPING COUNTRY PRIVATIZATIONS, 1988-1992



Due to the lack of domestic savings, *Eastern European countries* were especially dependent on the participation of foreign investors, who paid a total of $5.3 billion for 194 enterprises during 1988-92 which amounts to over 90 percent of the total revenues generated.[18]

Latin America clearly was the region that managed to attract the largest amount of foreign exchange through its privatization effort since 1988, amounting to 64 percent of foreign exchange from privatizations in the developing world. 1991 was the peak year for the region with almost $6.8 billion in foreign exchange, primarily due to the privatization of large telecommunication units in Argentina, Mexico, and Venezuela. On average,

[18] Including Portugal and Turkey, 207 companies were privatized in Europe and Central Asia with a foreign exchange content of $5.9 billion, amounting to 56 percent. Also note that the share of foreign exchange in total revenue in Eastern Europe is slightly exaggerated by the fact that revenues from small-scale and mass privatizations are excluded.

foreigners provided more than a quarter of the total privatization revenues during the period.

While foreign participation in *East Asian* privatizations rose quickly over the last two years, overall it was not particularly strong with only 18 projects during 1988-92. Foreign privatization investments provided only about $0.7 billion in foreign exchange, slightly more than 8 percent of total revenues.

South Asian privatizers received a total of 52 million from foreign investors in 17 transactions during the period. While the amounts involved appear rather small, it is interesting to note that 11 of these 17 sales with foreign participation occurred in 1992, showing a strong upward trend.

In absolute terms, the foreign exchange inflow into *Sub-Saharan Africa* was only marginal with a total of about $100 million for the whole period, in 21 transactions with foreign participation, reflecting the small average asset value of the SOEs sold. As a share of total revenues, however, foreign investors still contributed an average 37 percent (excluding South Africa).

North Africa and the Middle East had barely any foreign participation in privatizations. During the five year period, only four transactions involving foreign investors could be recorded. Only about US$27 million were generated this way, dominated by the sale of three Tunisian hotels to a French and Swiss investor group for US$19.2 million in 1992.

Table 2 FOREIGN EXCHANGE AS SHARE OF TOTAL REVENUE
(in percent)

	1988	1989	1990	1991	1992	AVG
Europe & Central Asia	80.58	55.59	36.10	55.81	63.04	55.73
Latin America & Caribbean	8.21	43.91	37.80	38.44	16.75	28.85
East Asia & Pacific	0.00	0.00	0.00	19.46	12.99	8.36
South Asia	0.00	3.85	36.18	3.54	8.42	8.79
Sub-Saharan Africa	0.00	34.67	47.19	1.14	35.91	36.73
North Africa & Middle East	0.00	7.09	0.00	18.82	35.27	25.87
TOTAL	9.34	20.86	33.40	40.23	24.64	30.72

Note: Foreign exchange is composed of portfolio equity and foreign direct investment.

IV.3 Portfolio Equity Investments

Financial investments in developing country companies can be made either directly by buying a small share in a company or by purchasing equity instruments, traded in international security markets. The most commonly used instruments are so-called ADRs (American Depository Receipts) and GDRs (Global Depository Receipts). ADRs are negotiable equity-based instruments publicly traded in the U.S. securities markets, attracting U.S. investors who are legally limited in their capability of directly investing in foreign stock markets such as several institutional investors. GDRs function exactly like

ADRs with the additional feature that they can be traded simultaneously in different securities exchanges all over the world.[19]

With respect to privatization transactions, such instruments were used extensively in the sale of large Latin American telecommunications companies. Chile was the first country to use equity instruments in July of 1990 for the sale of the remaining part of Téléfonos de Chile. $98 Million in instruments were offered at the New York Stock Exchange and represented the first international equity offering by any Latin American country for 25 years.[20] In 1991, Argentina was the first country to make use of GDRs in the privatization of Telefónica de Argentina, issuing securities for a nominal value of $364 Million. In March 1992, Argentina issued $270.3 Million in ADRs and GDRs for the sale of 30 percent in Telecom Argentina. The largest single issue of ADRs was carried out by Mexico in May 1991, when the remaining 15 percent of Téléfonos de México (TELMEX) were privatized for a total of $2.4 billion. A year later, TELMEX offered another $1.2 billion in ADRs. In addition, Mexico issued GDRs worth $638 Million in 1991 in the privatization of its largest bank Bancomer, which sold for a total of $2.5 billion. In February of 1992, Venezuela also issued GDRs worth $110.5 Million when it privatized Siderúrgica Venezolana.
But securities issues in privatization transactions were not limited to Latin America. Since end-1991, China allows foreigners to buy non-voting "B"-shares in a small number of companies, offered by the government in the stock exchanges of Shanghai and Shenzhen. Up to end-1992 such "B"-shares were offered for 11 companies, generating almost $280 million in foreign equity investments. While the term "privatization is not officially used by the Chinese government, these transactions effectively represent a transfer of partial ownership in assets from the public sector into private hands.

Direct portfolio investment, in which an investor acquires a minority share in an enterprise, is rather unusual. While good information on this type of investment is difficult to obtain, three cases were recorded. The largest case was the partial privatization of TELMEX in 1990, when Southwestern Bell and France Telecom each acquired 5 percent of the stock for a total of about $860 million. In the case of the Brazilian Usiminas, one of the country's largest steel producers which was privatized in 1991, foreign investors bought a stake of only 6 percent for approximately $90 million. When Hungary sold 56 percent of the state-owned travel agency IBUSZ, foreign financial interests participated with 41 percent for around $13 million.

In general, 21 transactions were recorded for the period 1988-92 qualifying as portfolio equity investment for a total $4 billion. This amounts to 8.5 percent of total privatization revenues for the developing world and almost 28 percent of total foreign exchange inflows resulting from privatization transactions. Furthermore, in some cases such as TELMEX or Aerovias de Mexico, which was privatized in 1988 and issued equity securities in 1991, these newly privatized companies made use of the rapidly growing portfolio investment market by issuing additional securities. Hence, inflows in the form of equity investments

[19] see Gooptu (1993), pp.21f.
[20] ibid., p.52.

can be expected to grow further in the near future, directly through additional large-scale privatizations and indirectly through follow-up equity issues by already privatized companies.

IV.4 Foreign Direct Investment

Direct investment (FDI) was clearly the most common vehicle used by foreign investors in privatization transactions, especially in small- and medium-sized transactions. FDI accounted for the remaining 371 recorded privatizations with foreign participation during 1988-1992, worth $14.5 billion. Hence, privatizations were certainly one of the reasons underlying the rapid increase in FDI over the last five years, accounting for an average of about 11 percent of total FDI to the developing world during the period.

Europe and Central Asia received the largest share of its FDI inflows from privatizations, reaching an average of almost 32 percent during the period. This reflects the strong dependence of the transforming economies in Eastern Europe on privatizations as the main vehicle to attract foreign investors. While the available FDI information generally does not appear very reliable for the Eastern European countries[21], they seemed to have received almost 85 percent of their FDI from the sale of their SOEs.

Latin American countries showed a strong growth in privatization revenues stemming from foreign investors, in particular during 1990 and 1991, when privatizations accounted for over a quarter of total FDI flows. Over the period as a whole, privatization FDI still accounted for over 16 percent. Especially in the cases of Argentina and Venezuela, privatization FDI was particularly strong, accounting for a share of 36 percent and 41 percent respectively over the period (see Table A-4). Mexico, on the other hand, as the strongest privatizer of the region in terms of sales volume, only showed an average share of slightly more than 5 percent, primarily because the sizable privatization of the banking sector during 1991 and 1992 was for all practical purposes limited to domestic investors, generating no FDI inflows at all.

In *East Asia, South Asia, Sub-Saharan Africa* and *North Africa and the Middle East*, privatizations only contributed marginally to FDI inflows. For one, no indication could be found that foreign participation in the existing privatization programs is particularly strong. This is due to the fact that in many countries strong restrictions are imposed regarding the participation of foreigners in privatizations. In East Asian countries, on the other hand, FDI flows have been very large over the last years, rendering privatization transactions marginal. In addition, the capital markets in these countries are already so

[21] For Hungary, for example, the IMF does not report any FDI inflows until 1991, while privatization transactions with foreign participation are recorded since 1989.

strong, that a participation of foreign investors is not essential in order to obtain an adequate price for SOEs.

Table 3 FOREIGN DIRECT INVESTMENT FROM PRIVATIZATIONS[22]
(in US$ Million and percent)

	1988	1989	1990	1991	1992	1988-92
Europe & Central Asia						
-FDI from privatizations	33.2	615.6	585.6	1,930.0	2,704.8	5,869.2
-as share of total FDI (%)	2.38	22.06	17.84	36.37	47.87	31.86
Latin America & Caribbean						
-FDI from privatizations	213.7	157.3	2,136.3	3,299.9	2,311.8	8,119.0
-as share of total FDI (%)	2.67	2.20	27.65	25.85	16.78	16.43
East Asia & Pacific						
-FDI from privatizations	0.0	0.0	0.0	75.0	301.7	376.7
-as share of total FDI (%)	0.00	0.00	0.00	0.58	1.95	0.68
South Asia						
-FDI from privatizations	0.0	0.1	10.6	4.2	37.0	51.9
-as share of total FDI (%)	0.00	0.04	3.64	1.18	8.81	3.39
Sub-Saharan Africa (a)						
-FDI from privatizations	0.0	13.8	38.1	2.6	44.0	98.5
-as share of total FDI (%)	0.00	0.56	5.70	0.15	3.44	1.37
North Africa & Middle East						
-FDI from privatizations	0.0	1.0	0.0	3.2	22.5	26.7
-as share of total FDI (%)	0.00	0.06	0.00	0.45	1.09	0.38
TOTAL						
-FDI from privatizations	246.9	787.8	2770.6	5314.9	5421.8	14,542.0
-as share of total FDI (%)	1.25	3.38	11.54	15.67	14.17	10.44

Source for FDI data: IMF, Balance of Payments Yearbook 1992
Note: Foreign direct investment data for 1992 are World Bank and IMF staff estimates.
(a) excluding South Africa

V. Privatization Experiences at the Country Level

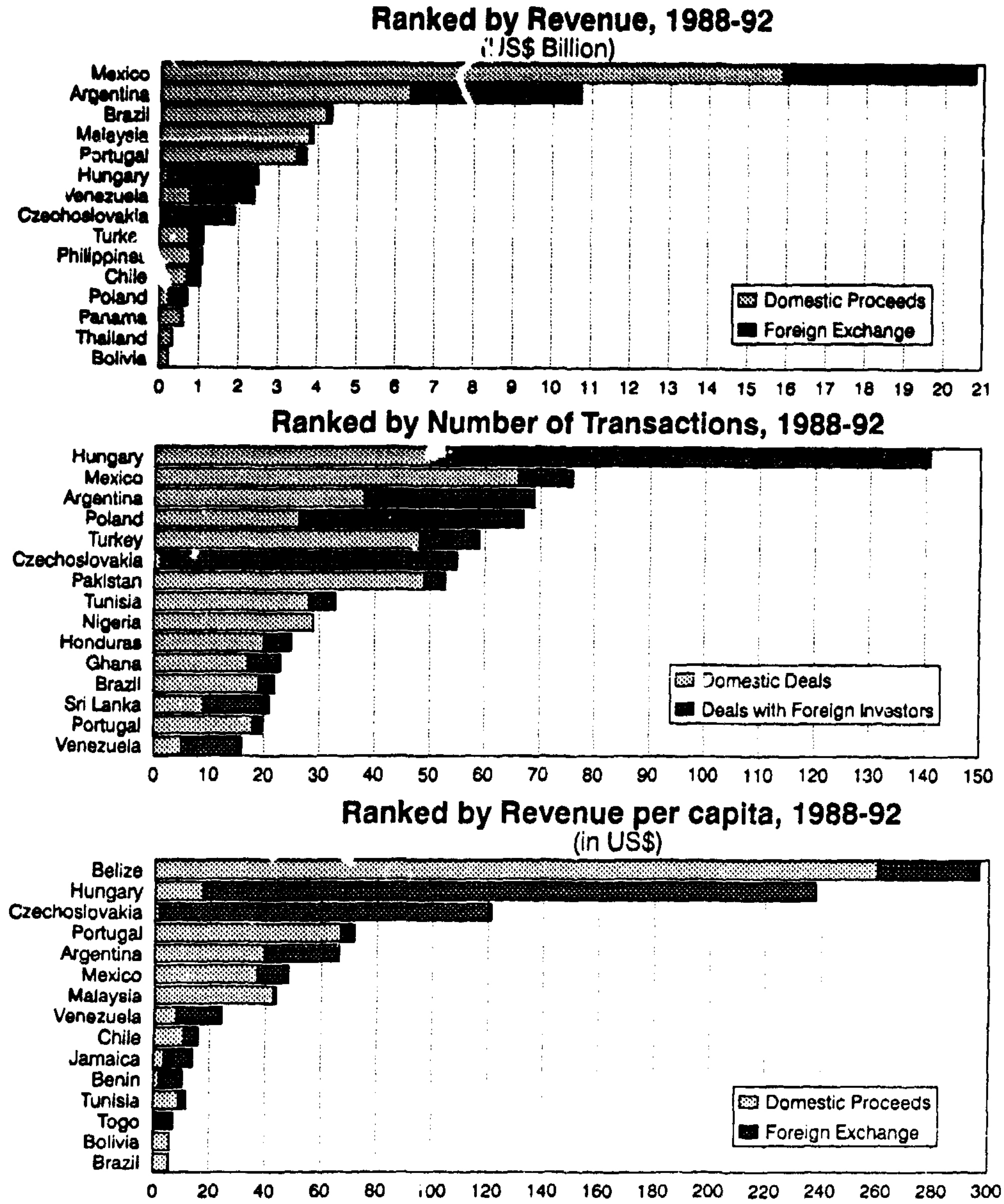
For the period 1988-92, privatization transactions were recorded for a total of 72 nations, of which 47 were developing countries. Several countries, however, only show one or two transactions, therefore not indicating the existence of an extensive privatization prograr Among those 29 developing countries with numerous privatization transactions, the experiences differ substantially in terms of size, sectoral focus, and foreign participation.

In terms of sales volume, Mexico clearly leads the developing world with a total of almost $21 billion during 1988-92, about $5 billion of which came from foreign investors. The three largest sellers, Mexico, Argentina, and Brazil, accounted for 60 percent of total privatization revenues among developing countries. With respect to numbers of

22 A country breakdown on FDI resulting from privatizations and its share in total FDI is provided in the appendix in Tables A-3 and A-4.

transactions, however, the same three were responsible for only 19 percent of all developing country privatizations. This is only marginally larger than the 141 transactions recorded for Hungary alone. In fact the three largest privatizers in Eastern Europe, Czechoslovakia, Hungary, and Poland, accounted for 30 percent of all transactions. The degree of foreign participation is quite different among individual countries, but it is interesting to note the strong participation of foreigners in privatizations in Eastern Europe in terms of sales volume as well as number of transactions.

Figure 7 THE 15 LARGEST PRIVATIZERS IN THE DEVELOPING WORLD



In order to get an understanding of the intensity of the existing privatization programs relative to country size, the ranking according to privatization revenue per capita is more revealing. Surprisingly, Belize appears as the most intense privatizer. Through the sale of the country's telecommunications services since 1988 as well as the its main electricity generator, the country received almost US$60 million or about US$300 per person. Besides Belize, several other smaller countries such as Jamaica, Benin, and Togo also appear in the ranking. Relative to their size, these countries privatized more intensively than some large countries such as Brazil or Poland, while their efforts received practically no press coverage at all. It also shows that Sub-Saharan African countries are quite capable of carrying out extensive privatization programs. The second and third place are occupied by the two main privatizers in Eastern Europe: Hungary with US$238 and Czechoslovakia with US$121. Poland, on the other hand, drops to the 17th position with only about $4 per capita in privatizations.

Especially the participation of foreign investors is strongly dependent on the host country's willingness to open the privatization program to foreign interests. Only in exceptional cases such as Mexico can the government be selective with respect to sector-specific access to the program. While foreigners were basically excluded from the comprehensive privatization of the banking sector, outside investors were not deterred to participate in other sales, providing a large volume of foreign exchange. In most cases, even limited restrictions on foreign participation generally appear to deter foreign investors, resulting in only limited international interest. A more detailed discussion of individual country programs can be found in the Annex.

VI. Do Privatizations Attract Foreign Direct Investors?

While privatizations contribute directly to overall foreign direct investment inflows through the sale of assets to foreign investors, they might also have an indirect effect by attracting additional investors outside of the privatization program. First of all, privatizations can have a signaling effect, indicating an increased openness of the particular country regarding private entrepreneurship and an increased willingness by the authorities to accept and support private economic activity. Thus, foreign investors might expect an improved regulatory environment that is less restrictive and therefore conducive to prospective investment projects. Secondly, investors might also expect an improvement in the general profitability of investment projects through the elimination of market distortions via the transfer of inefficiently run SOEs to the private sector. This should be particularly relevant in sectors that have a public-goods character in the sense that they provide certain services which are relevant for the profitability of all other economic sectors in the economy. The decision of a foreign investor to engage in a project in a developing country is certainly dependent on a wide variety of factors. However, the availability of certain basic goods and services, essential to the success of any standard entrepreneurial venture, will always be a crucial determinant. Thus a foreign investor can be expected to be deterred if the infrastructural environment is weak, reducing the expected profitability of the venture because of unreliable energy supply, low-standard communications and transportation media, or limited availability of local financing. The privatization of such infrastructural services can therefore have a strong effect, attracting additional investment in the expectation (or realization) of an improved economic environment.

In a recent study, Edwards [1990] attempted to estimate the determinants of foreign direct investment to developing countries. Based on the empirical and theoretical literature on FDI, he selected a set of structural variables, deemed to be of relevance in the decision-making process of a foreign investor. These variables were used to estimate the average level of FDI relative to GDP as well as the percentage share in total FDI to developing countries for a cross-section of 58 developing countries during the period 1971-81. The central independent variables, Edwards included in his regression, were:
- *Income per capita* as a proxy for the (inverse of the) return on capital and its coefficient was expected to be negative. While it seems obvious that foreign direct investors will determine their investments based on the expected rate of return, such data are not generally available, especially in the case of poorer countries. As a proxy, Edwards uses income per capita, expecting that countries with a lower per capita income will tend to receive a higher share of FDI.
- *Foreign trade* as a measure of the country's openness with a positive coefficient expected. Given that most foreign investment projects are directed towards the tradables sector, the country's degree of openness with respect to international trade should be a relevant factor in the decision.
- *Domestic investment* as an indicator for the general investment climate. Given that domestic and foreign investments are complements, the coefficient should be positive.
- *Government consumption* as a measure of the size of the government with a negative expected coefficient. The government size with respect to domestic economic activity is assumed to be proxy for the host country's stance towards private initiative.
- the *real exchange rate* as measured by Summers and Heston as an indicator of the country's degree of international competitiveness with a depreciating real exchange rate reflecting improved competitiveness. As in the case of the foreign trade variable, the foreign investors' focus on the tradables sector implies that exchange rate movements and the general economic competitiveness of the host country should matter for the investment decision.
- *real GDP* was included in the FDI share regression as a measure of the size of the economy and potential extent of scale economies; the coefficient was expected to be positive.

Using these same independent variables, the model was first re-estimated with only minor modifications for a cross-section of 21 countries[23] for the period 1988-92 using OLS. The selection of countries was based on the existence of sizable privatization programs during the period as well as data availability.[24] Following Edwards, the FDI determinants were

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[23] These countries are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Honduras, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Pakistan, Peru, the Philippines, Poland, Portugal, Sri Lanka, Thailand, Turkey, and Venezuela.
[24] Seven countries had to be eliminated for data reasons: Benin, China, Czechoslovakia, Hungary, India, Panama, and Togo.

estimated for the level of FDI (FDI per capita)[25] as well as for the share of FDI in FDI to all developing countries.[26] Except for the variable real GNP in the FDI share regressions, all variables are calculated as means for the observations 1988-92 and weighted by population. The estimated equations have the following form:

$$(1) \quad \frac{FDI_i}{POP_i} = \alpha + \beta\frac{GDP_i}{POP_i} + \chi\frac{EXIM_i}{POP_i} + \delta\frac{INV_i}{POP_i} + \phi\frac{CON_i}{POP_i} + \varphi EXR_i + \varepsilon$$

$$(2) \quad \frac{FDI_i}{\sum_{i=1}^{n} FDI} = \alpha + \beta\frac{GDP_i}{POP_i} + \chi\frac{EXIM_i}{POP_i} + \delta\frac{INV_i}{POP_i} + \phi\frac{CON_i}{POP_i} + \varphi EXR_i + \gamma GDP_i^{real} + \varepsilon$$

where EXIM represents the sum of exports and imports, INV stands for gross fixed domestic capital formation, CON is government consumption, EXR is the real effective exchange rate, and the denominator POP stands for population. The subscript i indicates the ith country.

The re-estimation generates results very similar to Edwards' study as shown in Table 4.

Table 4 Re-estimating the Edwards Model

Dependent Variable	FDI per capita	FDI share
Constant	-7.372 (-0.859)	1.3171 (1.0372)
GDP per capita	0.0043 (0.8865)	-0.0005 (-0.5908)
Trade	0.0229 *** (2.7279)	-0.0011 (-0.8538)
Investment	0.0491 (1.0815)	0.0217 *** (3.2524)
Government Consumption	-0.04 (-0.954)	-0.02 *** (-3.2164)
Exchange Rate	-0.066 (-0.722)	-0.0174 (-1.2893)
Real GDP	-/-	2.12E-05 *** (3.3334)
Adj. R-Squared	0.8908	0.6726

t-statistics in parentheses;
*** indicates statistical significance at the 98%-level.

The trade variable is positive and statistically significant in the FDI per capita estimation, indicating that economic openness is an important aspect of the decision to invest abroad.

[25] Edwards weights FDI by GDP rather than by population, but the results obtained here are quite similar to results when GDP is used as weight. Using population generally resulted in a better fit, possibly related to measurement difficulties in GDP, especially when calculated in dollar terms.

[26] While Edwards calculates the FDI share based on OECD data, IMF data on FDI were used here.

In the share regressions, however, the variable was not significant. Investment[27], on the other hand, appears to be more relevant in the allocation of FDI among developing countries, being positive and statistically significant in the FDI share estimation, but not in the FDI per capita one. The same holds true for government consumption[28], which is as expected negative and significant, but only in the share regression. Thus, a reduction of the economic size of the government attracts foreign investors, probably due to reduced intervention and market distortions. Differing from Edwards, the per capita income variable, which was statistically not significant but consistently negative in Edwards' analysis, does generally not show the expected sign. This indicates that GDP per capita might not be a good proxy for profitability, as Edwards himself suggests. In fact, as he himself points out, investors will also be attracted by larger markets, allowing them to internalize profits from sales within the country, rather than producing at low cost for exports only. Consequently, the coefficient on GDP per capita turns out insignificant simply because it picks up both effects simultaneously. The results on the international competitiveness variable were consistently positive and significant in the Edwards study. Here, however, the variable is insignificant, while of the correct sign.[29] The reason for this is most likely data related. Edwards used the Summers and Heston real exchange rate index, which is, however, not available from 1988 onwards. Therefore, the real effective exchange rate as calculated by the IMF was used as a substitute.
The general fit of both regressions was quite good with an adjusted R^2 of 0.89 in the per capita estimation and 0.67 in the share regression. Both estimations also show a better overall fit compared to Edwards estimations.[30] This might partially be explained by the use of population as the variable weight rather than GDP which all too often is distorted through exchange rate fluctuations.

These results do, however, not yet take into account the existence of privatization programs. In order to estimate the effect of privatizations on the foreign direct investment decision, two variables were added to the model. *Privatization revenues per capita* indicate the relative size of the existing privatization program in each country. Furthermore, the *foreign exchange ratio*, defined as foreign exchange from privatizations as percentage share of total privatization revenues, was added as a measure of the country's openness with respect to foreign investors. Both coefficients are, of course, expected to be positive. Note that the dependent variable changes in both regressions: Given that the goal is to estimate secondary, indirect effects on FDI resulting from privatizations, FDI per capita as well as FDI share were recalculated by subtracting FDI resulting from privatizations from total FDI flows for each country. Thus, the estimated equations are modified as follows:

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[27] Defined as gross fixed domestic capital formation in the IMF National Accounts.

[28] Derived from the IMF National Accounts.

[29] The Summers and Heston measure of the real exchange rate is defined as local currency per US$, while the IMF measure is defined in the reverse. Thus, the sign on the coefficient is expected to be negative.

[30] Edwards reports the unadjusted R^2 only with 0.592 for the regression on the FDI level and 0.618 on the share regression. The comparative values for the estimations here were 0.918 and 0.771 respectively.

$$(1a)\quad \frac{(FDI_t - PFDI_t)}{POP_t} = \alpha + \beta\frac{GDP_t}{POP_t} + \chi\frac{EXIM_t}{POP_t} + \delta\frac{INV_t}{POP_t} + \phi\frac{CON_t}{POP_t} + \varphi EXR_t + \mu\frac{PRIV_t}{POP_t} + \nu\frac{FEX_t}{PRIV_t} + \varepsilon$$

$$(2a)\quad \frac{(FDI_t - PFDI_t)}{\sum_{i=1}^{n}(FDI - PFDI)} = \alpha + \beta\frac{GDP_t}{POP_t} + \chi\frac{EXIM_t}{POP_t} + \delta\frac{INV_t}{POP_t} + \phi\frac{CON_t}{POP_t} + \varphi EXR_t + \gamma GDP_t^{real} + \mu\frac{PRIV_t}{POP_t} + \nu\frac{FEX_t}{PRIV_t} + \varepsilon$$

with PFDI representing FDI resulting from privatization sales, PRIV standing for total privatization revenues, and FEX being the foreign exchange obtained through privatizations (in the form of FDI as well as portfolio equity investments).

The estimation of these equations indicates that privatizations are a very important element in the foreign direct investment decision (see Table 5). On both variables, the coefficients are positive and, compared to the other regressors, quite large in both regressions. While they are only moderately significant in the share estimation, they show a high statistical significance in the per capita regression. Both variables also prove to be very robust, barely changing size or statistical significance in different specifications of the model. While such interpretations always have to be taken with a grain of salt, the coefficients indicate that each dollar in privatization revenue generates an additional 38 cents in new FDI, and that a one percentage increase in foreign participation adds another 50 cents. Note also that the regression fit improves drastically in both cases, with the adjusted R^2 jumping to 0.97 in the per capita case and to 0.77 in the share estimation.

Table 5 Privatizations as a Determinant of FDI

Dependent Variable	FDI per capita	FDI share
Constant	-6.481 (-1.525)	1.4064 (1.406)
GDP per capita	-7.73E-05 (-0.025)	-0.002 * (-1.8818)
Trade	0.0283 *** (6.7059)	-0.0005 (-0.4598)
Investment	0.0023 (0.0967)	0.0161 *** (2.9511)
Government Consumption	-0.013 (-0.561)	-0.0128 ** (-2.2473)
Exchange Rate	0.1238 ** (2.5407)	0.0002 (0.0144)
Real GDP	-/-	2.38E-05 *** (4.1269)
Foreign Exchange Ratio	0.497 *** (7.125)	0.0258 (1.4107)
Privatization Revenue	0.3804 *** (2.7324)	0.0654 * (1.889)
Adj. R-Squared	0.9724	0.7678

t-statistics in parentheses;
*** indicates statistical significance at the 98%-level,
** indicates statistical significance at the 95%-level,
* indicates statistical significance at the 90%-level.

Are these effects on FDI independent of the type of privatization carried out, or are there differences with respect to the particular economic sector in which the government privatizes? In case privatizations are perceived by foreign investors only as a signal indicating a general improvement in the investment climate through reduced government intervention and restrictive regulations, only the relative size of the privatization program should matter. If, on the other hand, investors also expect an improved future profitability resulting from the privatization of particular entities that provide goods and services to the whole economy such as telecommunications, power generation, transportation or financial services, privatizations in individual sectors should have a different weight in the decision-making process.

In order to test these hypotheses, the general privatization revenues variable was substituted by sector-specific variables on privatization revenues, resulting in the following regression equations:

$$(1b) \quad \frac{(FDI_i - PFDI_{ij})}{POP_i} = \alpha + \beta\frac{GDP_i}{POP_i} + \chi\frac{EXIM_i}{POP_i} + \delta\frac{INV_i}{POP_i} + \phi\frac{CON_i}{POP_i} + \varphi EXR_i + \mu\frac{PRIV_{ij}}{POP_i} + \nu\frac{FEX_i}{PRIV_i} + \varepsilon$$

$$(2b) \quad \frac{(FDI_i - PFDI_{ij})}{\sum_{i=1}^{n}(FDI - PFDI)} = \alpha + \beta\frac{GDP_i}{POP_i} + \chi\frac{EXIM_i}{POP_i} + \delta\frac{INV_i}{POP_i} + \phi\frac{CON_i}{POP_i} + \varphi EXR_i + \gamma GDP_i^{real} + \mu\frac{PRIV_{ij}}{POP_i} + \nu\frac{FEX_i}{PRIV_i} + \varepsilon$$

where the subscripts ij indicate the jth sector of country i. The individual sectors tested were the primary sector, industry, financial services, infrastructure and others, which predominantly consists of services.

The results of the estimation are reported in Table 6. For both the estimation on FDI per capita as well as FDI share, the coefficient on privatizations in the secondary sector (consisting of manufacturing, chemicals and heavy industry) as well as other privatizations (services) was not statistically significant, and in two cases it even had the wrong sign. Privatizations in the financial sector (insurance and banking) as well as in infrastructure (power, telecommunications, transportation, and water), on the other hand, showed a positive coefficient and were statistically significant in most cases. This implies that privatization of "public goods"-type SOEs has a strong effect on investor perception of the country and attracts additional FDI inflows. Privatizations in the other sectors usually do not have that effect. The only exception to this is the case of privatizations in the primary sector (agribusiness, hydrocarbons, and mining). While having no effect in the FDI share estimation, the variable primary sector privatizations showed a very large coefficient with a statistical significance at the 98 percent level. This initially unexpected result is explained by the substantial privatizations in the hydrocarbons sector, especially in Argentina and also in Brazil. The partial sell-off of state-owned oil companies plays a unique role in the privatization program of many developing countries. Having been the showcase for national self-sufficiency and self-determination for a long time in Latin American countries especially, most governments are hesitant to put their oil companies up for sale. While major oil producers such as Mexico and Venezuela did not yet seriously contemplate major privatizations in this sector, Argentina, in particular, sold numerous oil fields as well as gas distribution entities, and finally sold part of its oil company YPF during the first half of 1993. For foreign investors, this move might have indicated a major change in attitude towards private sector involvement, thus attracting substantial amounts of additional FDI.

Table 6 Sector-Specific Privatizations as FDI Determinants

Dependent Variable	FDI per capita					FDI share				
Constant	-5.65 (-1.26)	-6.151 (-1.001)	-3.41 (-0.535)	-9.898 * (-1.882)	-6.516 (1.014)	1.4113 (1.1065)	1.4543 (1.1658)	2.399 * (2.1571)	0.9624 (0.904)	1.4879 (1.1891)
GDP per capita	0.0014 (0.4121)	0.0061 (1.4489)	0.0066 ** (2.4175)	0.0012 (0.3034)	0.0091 ** (2.2936)	-0.0006 (-0.39)	0.0002 (0.1516)	0.0002 (0.2703)	-0.002 (-1.464)	0.0002 (0.1601)
Trade	0.0317 *** (6.8912)	0.0285 *** (4.6456)	0.0342 *** (4.5733)	0.0162 ** (2.1691)	0.0302 *** (3.4226)	-0.0006 (-0.411)	-0.0008 (-0.667)	0.0009 (0.7111)	-0.002 (-1.691)	-0.001 (-0.561)
Investment	0.0125 (0.5114)	0.0284 (0.9654)	0.0027 (0.0725)	0.0317 (1.1132)	0.0236 (0.6404)	0.0183 *** (2.6319)	0.0188 *** (2.9912)	0.0123 * (1.9155)	0.0207 *** (3.6967)	0.0201 *** (2.7747)
Government Consumption	-0.025 (-1.032)	-0.062 * (-2.036)	-0.06 ** (-2.445)	0.0196 (0.4884)	-0.063 * (-1.941)	-0.019 ** (-2.454)	-0.022 *** (-3.482)	-0.028 *** (-4.847)	-0.008 (-0.865)	-0.022 *** (-3.385)
Exchange Rate	0.0521 (1.0146)	0.0186 (0.2744)	0.0138 (0.2046)	0.1406 ** (2.1568)	0.0206 (0.284)	-0.009 (-0.5264)	-0.011 (-0.773)	-0.012 (-1.064)	0.0032 (0.2495)	-0.012 (-0.909)
Real GDP	-/-	-/-	-/-	-/-	-/-	2.06E-06 ** (2.4406)	1.70E-06 ** (2.4737)	1.64E-06 *** (2.8605)	2.25E-06 *** (3.6841)	1.71E-06 ** (2.4535)
Foreign Exchange Ratio	0.378 *** (5.091)	0.372 *** (3.541)	0.384 *** (3.966)	0.514 *** (5.893)	0.408 *** (3.58)	0.027 (1.117)	0.034 (1.455)	0.031 (1.64)	0.031 (1.658)	0.032 (1.299)
Primary Sector Privatization	1.3248 *** (2.7992)	-/-	-/-	-/-	-/-	0.0603 (0.3743)	-/-	-/-	-/-	-/-
Secondary Sector Privatization	-/-	1.3703 (1.007)	-/-	-/-	-/-	-/-	-0.026 (-0.094)	-/-	-/-	-/-
Financial Sector Privatization	-/-	-/-	0.5584 (1.3851)	-/-	-/-	-/-	-/-	0.1684 ** (2.4206)	-/-	-/-
Infrastrucrure Privatization	-/-	-/-	-/-	0.8109 ** (2.1442)	-/-	-/-	-/-	-/-	0.1399 * (1.7635)	-/-
Other Privatization	-/-	-/-	-/-	-/-	-2.416 (-0.354)	-/-	-/-	-/-	-/-	0.0625 (0.0465)
Adj. R-Squared	0.9691	0.9446	0.9463	0.9582	0.939	0.667	0.6801	0 7792	0.7567	0.6737

t-statistics in parentheses;
*** indicates statistical significance at the 99%-level,
** indicates statistical significance at the 95%-level,
* indicates statistical significance at the 90%-level.

In summary, the existence of a sizable privatization program that is relatively freely accessible to foreigners can be an important vehicle in attracting additional FDI inflows. In particular, privatizations that have the potential of improving the economic environment for investment projects by eliminating existing bottlenecks in the availability of infrastructural services as well as local financing are important motivations for foreign investors to set up ventures in a developing country. In particular, in countries where infrastructural bottlenecks are a frequent complaint by foreign investors, such as Indonesia or the Philippines whose difficulties in providing a reliable energy and water supply made headlines in the international press, intensive privatization in these sectors might be capable of generating substantial amounts of additional FDI.

VII. Conclusion

After a disappointing performance of the vast majority of their SOEs, developing countries increasingly realize the need to restructure their economies, reducing the size of the public sector. During the last decade, many countries also were pressed to undertake measures to reduce their budget deficits, being caught in the debt crisis and the correspondingly severe foreign exchange constraints. Highly inefficient SOEs proved incapable of financing themselves, continuously requiring capital injections either through loans from private capital markets or directly out of the government budget. Thus, they contributed significantly to the ballooning external debt of many developing countries, forcing the governments to take over a substantial share of this publicly guaranteed debt in the wake of the crisis, while the need for transfers and subsidies remained.

In order to alleviate the already strained budget, many developing countries embarked upon extensive privatization programs by transferring state-owned assets into private hands. After a rather slow start due to political opposition by vested interests within the countries, privatizations expanded rapidly during the last five years. The auctioning off of a large number of SOEs generated substantial revenues for some developing countries and, in addition, significantly reduced pressures on the public budget, not being forced anymore to finance loss-making enterprises. Equally important, however, privatizations supported the renewed access to international capital markets for many developing nations. Foreign participation in privatizations was generally very strong, providing significant amounts of foreign exchange in the process through portfolio as well as direct investments. Furthermore, privatizations attracted additional investments by improving the profitability of the economic environment. An improved infrastructure combined with liberalized financial markets in developing countries reduces overhead costs for entrepreneurs and facilitates the successful management of any private venture. Overall, the benefits from a comprehensive, large-scale privatization program can be manifold, generating government revenues and needed foreign exchange, reducing government expenditures through the elimination of costly SOEs, providing incentives for domestic as well as foreign investors, and especially improve the competitiveness of developing country economies in the global markets.

Privatizations can be expected to continue strongly in the upcoming years. Countries that are already engaged in successful privatization programs such as Argentina, Brazil, Mexico, Peru, and Venezuela, are determined to continue their efforts by opening the program to other sectors which have as of yet been excluded. In addition, a large number of countries, which have not yet been successful in launching such a program, stress the importance of privatizations and plan to sell large numbers of SOEs in the near future. Just recently, Zambia announced a program to sell more than 150 companies over the next five years, while Uganda passed legislation for a privatization program, supported by a loan from the World Bank. Morocco announced that it expects to generate $1.3 billion through the sale of 112 companies, and Bangladesh is determined to sell its loss-making power sector to foreign investors. The governments of Guyana and Romania plan to start an extensive privatization program during 1993, while China is apparently committed to restructure the country's bloated state sector and to transform its economy into a more market-oriented system. The largest push in terms of privatizations can, however, be expected to come from Russia, where the privatization program has already started, but is caught in political controversies. In general, the prospects for privatizations in developing countries appear to be strong and a continued growth in number of transactions and sales volume is to be expected in the upcoming years.

ANNEX: COUNTRY NOTES

A Latin America and the Caribbean

Argentina

The Argentine privatization program took off rapidly after the election of President Carlos Menem. Argentina's public sector was particularly bloated and unprofitable, showing a loss of about $4 billion in 1989.[31] In order to limit budgetary pressures and reduce the country's external debt, President Menem pushed the State Reform Law through Congress, allowing the executive branch to totally or partially privatize SOEs. In order to reduce the foreign exchange control, Argentina was particularly keen to attract foreign investors, making its privatization program one of the most open ones with respect to foreign participation. From a total privatization revenue of $10.7 billion, $4.4 billion or about 41 percent came from foreign sources. Furthermore, in its attempt to alleviate the government's external debt burden, Argentina was the only country to make extensive use of debt-equity swaps. Between 1988 and end-1992, a total of about $13 billion in external debt obligations were eliminated that way.[32]

While most countries begin their privatization efforts with rather minor assets, leaving the large ones for the end, Argentine's program started with a big bang in 1990. 60 percent of ENTEL, the nation's telephone company, which in 1989 accounted for about one third of the country's total SOE deficit,[33] was sold off to predominantly foreign interests for approximately $1.3 billion, involving a debt-equity swap of $5 billion face value, representing the largest swap in any privatization ever. This privatization in telecommunications was continued with the sale of 30 percent in Telefónica de Argentina (the newly privatized company for the southern region) in 1991 for $830 million, involving a $364 million GDR issue, and in 1992, when the remaining 30 percent of Telecom Argentina (the newly privatized company of the northern region) were sold off in a public offer for $1.2 billion.

Another unique feature of the Argentine privatization program was the conscientious effort to auction off parts of the petroleum and gas industry. During 1990-92, privatized were almost 100 drilling areas, 10 gas distributors, and various refineries, amounting to a total revenue of around $3.7 billion. This was topped with the sell-off of a 45 stake in the state-owned oil company YPF (Yacimientos Petrolíferos Fiscales) through an international public offer, valued at about $3 billion in June of 1993. By September 1, 1993, another 13 percent of YPF shares will have been placed with private investors.

During 1992, the Argentine government also put great emphasis on improving the country's transportation facilities with concessions sold for major railroads as well as port

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[31] Cluttetrbuck (1991), p.59.

[32] Figures for debt-equity swaps in 1992 were only available in form of the cash equivalent (i.e., the discounted value), requiring the estimation of the face value by assuming a swap price of 50c/$.

[33] Clutterbuck (1991), p.59.

facilities such as grain elevators. Also starting in 1992, privatizations in the energy sector began to take off through the sale of 10 power utilities for another $1.4 billion. In June 1993, a consortium including three electric utilities from the U.K. and the U.S. won a 95-year concession to own and operate Argentina's high voltage transmission system for $230 million.

Brazil

During the military regime, Brazil established a large number of SOEs, reaching 700 in 1985.[34] In March 1990, President Fernando Collor announced a sweeping privatization program, to be headed by the Social and Economic Development Bank (BNDES), and in August, 57 companies were earmarked for privatization despite strong political opposition. In 1991, the first five companies were sold off, among them the steel producer Usiminas, which with $1.5 billion at present represents the largest privatization transaction in Brazil. During the early part of 1992, the privatization program picked up pace and another 13 companies were auctioned off, with the largest transactions occurring in the steel and petroleum sector.

With the ouster of President Collor in late 1992, the program began to stall and not until recently has his successor President Itamar Franco decided to revive the program. In total, a revenue of $4.3 billion has been generated during 1988-92, but foreign participation was, at best, marginal. Currently, Brazil is not a very attractive option for international investors, given the general political and economic uncertainty, reflected in a high rate of inflation. This is exacerbated by the fact that the country still has not been able to conclude a Brady deal as well as the legal restriction that foreigners cannot acquire a share larger than 40 percent through privatizations, except through direct congressional authorization.

However, the privatization program might gain speed again with the announcement by President Franco to intensify privatization efforts. In early 1993, two major transactions have been concluded, involving the sale of 31.5 percent of Poliolefinas, a petrochemical company, for $86.1 million, as well as the country's largest steel producer, CSN, which was auctioned off for $1.06 billion.

Chile

Chile certainly has the richest history in terms of privatization compared to all other developing countries, having privatized around 400 enterprises since 1973 for a total of about $2.5 billion. After Patricio Aylwin replaced General Pinochet as the first democratically elected president in March of 1990, however, the privatization process has been reduced significantly. Only six transactions were completed since then, with the largest ones in mining and energy. Besides the still state-owned copper producer CODELCO as well as CORFO, a major financial institution, most of the state-held assets

[34] Privatization International, Yearbook 1991, p.138.

are sold. Thus, Chile should not be expected to have any major privatization spurts in the near future, but the next government in early 1994 might initiate a new privatization program.

Honduras

In Central America, only Honduras appears to have a privatization program of substantial size. The program was started in August of 1986 as response to the disappointing performance of SOEs which were created primarily during the mid-1970s. During the period 1988-92, a total of 29 companies was privatized for $61.5 million in revenues.[35] A debt-equity swap program is in place for privatization purposes, and, based on official government sources, the external debt has been reduced by about $30 million since the inception of the program. While the Callejas administration is a strong proponent of privatization, no major transactions in infrastructural sectors have been undertaken as of yet, but some are scheduled for 1993. The program is generally open to foreign investors, but the interest has not been particularly strong; only five transactions involving foreigners have been recorded, having generated $13 million in foreign exchange.

Peru

Over the past two decades, government intervention in the economy steadily increased, and in the last few years, the state's 130 companies ran losses of an accumulated annual $2 billion.[36] In late 1991, the Fujimori Government established the legal/organizational framework for a broad privatization program. It is the Government's objective to privatize all state holdings by mid-1995. The program commenced in 1992 with the sale of 10 holdings for US$207 million, including Hierro Perú which was sold to the Chinese Shougang Corporation for $120 million with an additional $140 million in investment commitments. In January of 1993, the government continued its privatization efforts by selling 70 percent of its national airline Aeroperú to Aeroméxico for $54 million.

In 1993-94, the Government expects to sell its major holdings in mining (Minero Perú and Centromin), petroleum (Petroperú and its subsidiaries), telecommunications, electricity, banking and manufacturing. It also expects to grant a concession to a private investor for operation of the Lima water supply. Proceeds are expected to be US$1.2 billion annually.

Mexico

Mexico began its privatization program in 1983 under President Miguel de la Madrid, who disincorporated about 600 small SOEs until mid-1988. Most of these companies were, however, liquidated and only about 150 were actually sold for about $500 million.[37] Under President Salinas, who came to office in December 1988, the process of privatizing

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[35] Four additional privatizations were only small-scale with marginal asset value and were therefore not included in the data set.

[36] LatinFinance Supplement (March 1993), p.95.

[37] Clutterbuck (1991), p.64.

large SOEs accelerated rapidly, and the number of SOEs was reduced to 227 as of end-1992, compared to 1,155 in 1982.[38] During this second phase, a total revenue of $20.8 billion was generated, including $4.9 billion in foreign capital investments.

1988 already saw some major privatizations with the sale of Mexicana de Cobre for $1.4 billion and the country's largest airline Aerovias de México for $340 million. But large-scale privatizations really became effective starting in 1990, when the government sold the first part of its national telephone company TELMEX to domestic and foreign investors for almost $1.8 billion. The remaining 15 percent in share capital of TELMEX were auctioned off the following year through an ADR issue of $2.4 billion, plus an additional $500 million for 5 percent in Téléfonos de México which went to Southwestern Bell.

In 1991, Mexico started a massive privatization of its banking sector, which was largely nationalized in 1982 in response to the debt crisis. By end-1992, 18 banks were sold for a total $12 billion with Banamex for $3.2 billion and Bancomer for $2.5 billion as the largest two. But while restrictions governing foreign investment in financial institutions were relaxed, foreign investments were still limited to minority, non-voting share holdings, resulting in practically no foreign participation at all in the banking privatization. The only foreign exchange generated was through a $638 million GDR issue in the case of Bancomer. Such restrictions on foreign investment held the share of FDI through privatizations to only 5 percent, which is very small compared to other privatizing countries.

Despite the substantial size of its privatization program, Mexico does not engage in a careless sell-off of state assets, as the case of the banking industry indicates. Several sectors such as postal services, electricity, and, in particular, the oil industry are by constitutional law part of the public sector, and no major initiatives have been undertaken to change this. But still, the government plans to repeat its privatization success of the two previous years during 1993 by selling SOEs worth about $5 billion. While no major transactions have, as of yet, occurred during 1993, the sale of a 70 percent stake in the state insurance group Asemex as well as the privatization of major TV networks are under preparation.

Venezuela

Under the presidency of Carlos Andrés Pérez during 1974-79, state intervention grew rapidly with the nationalization of the oil, gas, and iron industry as well as the creation of a number of "strategic" enterprises. When Pérez came back to office in February of 1989, the country owned 62 companies in a wide range of industries.[39] Starting in 1990, the privatization of SOEs began and by end-1992, 16 companies were sold for a total of $2.4 billion.

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[38] Barnes (1992), p.6.

[39] Barnes (1992), p.158

percent by a consortium including GTE, AT&T, and Telefónica de España. While the privatization program is open to foreigners, their participation during 1990-92 of around 68 percent of total revenue is mainly reflected by the overwhelming weight of the CANTV deal. For 1993, another 45 companies are scheduled for privatization[40].

B Europe and Central Asia

Czechoslovakia[41]

Until 1989, 98 percent of all Czechoslovakian assets, were in state hands, consisting of about 7,000 medium- and large-scale enterprises as well as 25,000-30,000 small-scale enterprises. In the process of transforming itself to a market-based economy, the country is engaged in one of the most radical privatization programs ever. During 1992, mass privatization of a vast number of small-scale enterprises through the voucher scheme yielded a revenue of about $1.6 billion. These funds were, however, used to finance the extensive voucher scheme, thus being budget neutral.

For the privatization of medium- and large-scale companies, a bidding process was used, starting in 1991, with a focus on foreign investors given the limited capital availability domestically. In 1991, the first 14 entities were sold, and another 41 in 1992 for a total revenue of about $1.9 billion. A wide variety of companies, predominantly in the manufacturing sector, were bought, usually by foreign investors. The largest transactions occurred in car manufacturing with Volkswagen buying the Skoda Auto Works plant in 1991 for $275 million plus a total investment commitment of $5.3 billion over the next ten years, and Renault's purchase of Karosa for $222 million in 1992. In general, the foreign participation in the privatization of medium- and large-scale firms was unusually strong with almost all of the revenue stemming from foreign sources.

The prospects of the privatization program in the Czech Republic, which in the last two years was substantially stronger than the one in the Slovak Republic, appear to be quite strong if foreign interest can be maintained. During 1993, the country therefore plans to tackle the problem of a low-standard infrastructure, starting with a planned sale of up to 25 percent of the national telecommunications company SPT Telecom to foreign investors. A second wave of mass privatization was started in May 1993 with the distribution of shares for 987 state enterprises.

Hungary

Of all Eastern European economies, Hungary has the longest and most extensive experience with privatizations. Prior to 1989, when the first privatizations were carried out, the state held 1,880 SOEs.[42] Since then, over 140 companies have been privatized

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[40] LatinFinance Supplement (March 1993), p.107.

[41] "Czechoslovakia" refers to the Federation between the Czech and the Slovak Republic prior to January 1, 1993.

[42] International Financing Law Review, Special Supplement, (September 1992), p.24.

for a total revenue of close to $2.5 billion in by far the largest number of transactions in any country. Despite strong political opposition, especially during 1989 and 1990, the program continued to run strong over the last two years, with annual revenues averaging about $800 million. The program is also far more market-oriented compared to other privatization schemes in Eastern European countries, clearly avoiding any voucher mass privatizations and focusing on revenue generation. While Hungarians and foreigners have in principle equal access to privatization transactions, domestic investors often lack the capital, resulting in a high degree of foreign participation. Until end of 1992, about $2.3 billion in foreign exchange was paid in privatizations, accounting for over 90 percent of total revenues.

Transactions were generally medium-sized by global standards, not going beyond $150 million. The largest deals occurred relatively early in the process such as the manufacturing company Raba which was bought by General Motors for $150 million, or Tungsram, which went to General Electric for $110 million. One of the concerns is that most valuable assets in the manufacturing sector are already sold, leaving the state with a relatively large number of less desirable assets. On the other hand, the government declared 1993 the year of the big projects and is pressing hard to extend the program to banking, telecommunications and other public services which have as of yet been excluded from privatization. The privatization of the state banking sector is currently under preparation, but no major sale is expected before the end of 1993.

Poland

The Polish government the Law on Privatization of State Enterprises in August of 1990, and has since privatized 67 medium- and large-scale enterprises for a total of about $714 in revenues. Compared to the former Czechoslovakia and Hungary, this is quite small, primarily due to the general political uncertainty surrounding the legal status and property rights of individual firms to be privatized. The largest transactions are actually joint ventures with future investment commitments, representing *de facto* privatizations, as was the case with Fiat who went into a joint venture project with the car manufacturer FSM with a future investment commitment of $830 million over 5 years. According to information from the Polish government, however, most of these commitments have not yet been realized.

1992 clearly was the strongest year of privatizations, but the political difficulties continue to haunt the state privatization agency. In April of 1993, the government finally managed to push the intended mass privatization scheme through parliament after drawn-out political debates. The plan is on a voucher basis involving 600 SOEs. During this year, a privatization of parts of the oil industry as well as nine state-owned banks is planned with financial support from the World Bank and EBRD. In addition, a privatization of the state banking sector is intended and in April of 1993, the sale of WBK bank to foreign and domestic investors represented the first major bank privatization in all of Central and Eastern Europe.

Portugal
With the 1974 revolution came along substantial nationalizations, especially in the financial sector. Starting in 1987, the Social Democrat government began to re-privatize a substantial number of these SOEs. During 1989-92, 20 entities worth $3.7 billion were privatized with a focus on the financial sector which contributed about 77 percent to total revenue. While the degree of foreign participation could not be clearly determined due to data limitations, the restrictions on foreign investment are quite stringent. Foreigners are only allowed to buy a limited number of shares.

Russia
The privatization effort in Russia was progressing only slowly compared to other Eastern European countries, generally stifled by political uncertainty. During 1992 and early 1993, however, the privatization program picked up rapidly. By mid-1993, about 50-60,000 small entities had been privatized, representing about 30 percent of all small-scale SOEs. By March 1993, the distribution of vouchers worth 10,000 roubles per person was completed throughout Russia and some 220 auctions had been held. In addition, about 2,500 large SOEs, approximately 50 percent of the total, had been transformed into joint-stock companies, and approximately 600 of them are essentially privatized.[43] In particular, during 1993 three major companies were partially privatized, consisting of the two car manufacturers Zil and AvtoVaz as well as the machinery manufacturer Uralmash.

Turkey
The Turkish privatization program started in 1984 with the privatization of two large projects, the Bosporus Bridge and the Keban Hydroelectric Dam. In the following years, the process slowed significantly due to strong political resistance. In recent years, privatizations activities became more active, while mostly in the sale of minority holdings only, resulting in the privatization of 59 companies during 1988-92 for $1.1 billion. While privatizations are carried out in a variety of sectors, the cement industry was particularly important in recent years with 18 firms being sold. Local investors dominate, but foreign participation is reasonably strong, having generated almost $400 million or about one third of total revenue. But despite the apparently impressive number of transactions, the Turkish privatization program is progressing only slowly and as of yet only a minor portion of the whole state sector has been privatized. The new Prime Minister Tansu Ciller is currently formulating a program to speed up privatization in order to reduce the public deficit and to raise economic efficiency.

C East Asia and Pacific

Malaysia
While the Malaysian economy is known for its inherently private structure, the government still owns about 900 SOEs.[44] A privatization program was started in 1985,

[43] For more detail see Im, Jalali, and Saghir (June 1993).
[44] Clutterbuck (1991), p.72.

but has not progressed very far since then. During 1990-92, 12 sizable companies were sold for a total $3.9 billion in revenue. The focus has been on infrastructural projects in energy, telecommunications, and transport. The largest projects were the sale of the Tenaga Nasional Berhad power plant for $1.2 billion and the National Airline for $689 million, both privatized in 1992. Two telecommunications companies (Syarikat and Telekom) were also sold since 1990, generating a combined $1.1 billion. Again, the participation by foreign investors was difficult to determine because of data constraints. But while the importance of foreign investment is generally recognized, foreign participation is restricted to 25 percent and any acquisition exceeding M$5 million also requires a cumbersome approval process by the Foreign Investment Committee.[45]

Philippines

Under President Marcos, the public sector expanded rapidly from 71 SOEs in 1972 to 301 in 1986, absorbing almost a quarter of the public budget.[46] With the addition of transferred assets of government financial institutions, government-owned entities swelled to 700 companies in 1987. The Aquino Administration's privatization program intended to rationalize this large and diverse group of government assets, through sales to the private sector and through abolishing, consolidating, and merging with existing line agencies. The program has been quite successful in accomplishing the sale of transferred assets: by end-1992, 293 out of 399 transferred assets had been sold, yielding almost US$1.5 billion with foreign participation providing slightly over one quarter of total revenues. Steady progress is also being made on the privatization program's targets on public enterprises. As of mid-1993, 96 government corporations, representing 70 percent of government-owned assets, have been offered for sale. Of these, 78 had resulted in actual sales yielding another US$1 billion.

China

In line with a rapidly expanding economy and growing inflows of foreign investment, the Chinese government began a process of incorporating major enterprises. While the word "privatization" is not officially used, shares of a small number of companies were offered in the stock markets of Shanghai and Shenzhen. Foreigners participated in this process through the purchase of non-voting "B"-shares in 12 companies since 1992. Given that China is expected to be the next growth pole in East Asia, foreign interest is strong and likely to increase rapidly. In June 1993, for example, the U.S. beer producer Anheuser-Busch bought a 5 percent share in the well-known Tsingtao Brewery for $115 million.

D South Asia

Sri Lanka

Among South Asian countries, the nation with the strongest privatization efforts in recent years is Sri Lanka. Starting in the 1950s, and accelerating in the 1970s, SOEs increased

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45 International Financing Law Review, Special Supplement (September 1992), p.34.

46 Forbes (1993), p.1.

rapidly in terms of size as well as numbers, reaching 160 in the late 1980s with a control of about 40 percent of manufacturing output, 66 percent in tea production, 33 percent in rubber production, and 10 percent in coconut production.[47] In 1987, legislation was passed allowing the conversion of SOEs into limited liability companies, setting the framework for the privatization program.

Starting in 1989, 16 companies have been privatized for at least $125 million, a sum that appears small but is quite substantial given the size of the country. Several textile mills, manufacturing enterprises, and hotels were sold, in some cases also to foreign investors, who paid a total of almost $24 million.

Pakistan

Privatizations took off slowly in Pakistan, when the national airline was sold through a public share issue for $11 million in 1990. 1991 saw the privatization of two major banks for about $48 million. A virtual explosion in privatization transactions occurred in 1992. 49 companies were sold during the year for a total of $163 million. Most of these SOEs were rice mills and bread factories with only small asset values. But small major cement plants were also privatized with the largest transaction of the year being Gharibwal Cement for $44 million. Foreign participation in the privatization program is, however, only marginal. During 1990-92, only about $15 million was generated by attracting foreign investors, amounting to only 6 percent of total privatization revenue.

E Sub-Saharan Africa

Benin

Following a rapid expansion of government intervention in the late 1970s, Benin had by 1985 investments in 57 public enterprises, accounting for 75 percent of the nation's industrial production. Facing the rapid decline of the profitability of its SOEs, the government opened all non-vital sectors to domestic and foreign private interests. During the period 1988-92, 8 major SOEs were sold for a total of $53 million with an unusually strong foreign participation, contributing almost 83 percent of total revenues. The two largest transactions were the beverage producer Beninoise, bought by the French BGI Castel for $26.2 million, and the cement company Sonaci, which went to a Norwegian investor for $13.3 million.

Ghana

After a long period of economic decline during the 1970s and early 1980s, the Government of Ghana initiated the Economic Recover Program in consultation with the World Bank in 1983. In line with this program, the Government also started a public enterprise reform program. Not until 1987, however, was concrete action undertaken with respect to restructuring these country's large public sector, comprising about 345 SOEs. From 1989 to March 1993, 60 enterprises have been divested, of which 26 were

[47] Privatisation International, Yearbook 1991, p.206.

liquidated and 34 sold.[48] Overall, the progress in privatizations in Ghana has been slow. While the number of companies advertised for sale is usually large, most of them are unattractive to investors because of their bad performance. Some large privatization transactions were, however, completed such as Lever Brothers, Continental Hotel, Achimota Brewery, Ghacem, and West African Mills, often with foreign participation. In total, Government of Ghana earned about US$37.5 million from these sales with about US$21.2 million in foreign exchange.

Nigeria

Prior to 1988, when it launched its privatization program, Nigeria had around 140 SOEs, which accounted for 30-35 percent of GDP and 20 percent of formal sector employment. During the period 1988-92, Nigeria became the strongest privatizer in sub-Saharan Africa, having sold 29 major entities for a total of $110 million. The largest transaction was the sale of the Lagos Federal Palace Hotel for 50 million, but numerous entities in agribusiness, cement production, and even the petroleum industry were sold. In order to encourage wider share ownership, individual share values were held extremely small, while no single investor was allowed to hold more than one percent of the shares on offer. This might explain the virtually complete absence of any foreign investors in the privatization process.

Togo

In 1975, the government engaged in a strong expansion of its SOEs. But after an unsatisfactory performance of these companies, Togo became one of the first African nations to privatize its public sector. Between 1984 and 1987, the government sold 11 major SOEs, conducted by the Ministry of State Enterprises. During the period 1988-92, another 6 large SOEs were sold, primarily manufacturing enterprises, for a total of $28 million. All of these transactions involved foreign participation, rendering this privatization program the most open one to foreign investors in the region.

F North Africa and the Middle East

Tunisia

During the 1960s and 1970s, the Tunisian government created a sizable public sector that accounted for about one fourth of the country's national product and employed about one tenth of the working population in the early 1980s. Privatization was first announced as an economic policy with the development of the VI. social and economic development plan at the beginning of the 1980s. After passing the necessary legislation and an initial restructuring of the enterprises listed for privatization, the first substantial sales occurred in 1988. Since then, a total of about 65 enterprises have been liquidated or partially or totally privatized. Of these, 33 enterprises amounted to sales of significant size, generating about US$100 million in government revenue. Foreign participation, however, is not particularly strong with only three transactions listed involving foreign investors.

[48] The Government claims that a total of 48 companies were sold during the period, but the status of 14 projects is unclear because of differences between investors and the government.

APPENDIX

The data presented in Tables A-1 and A-2 are based on a wide variety of sources, ranging from newspaper articles to World Bank reports. A basic data set was obtained from Scott Schulz at Fin Mark Research Inc. (Castleton-on-Hudson, N.Y.), which included basic information on many privatization transactions worldwide. This information was enhanced by data from the Privatization International Yearbook (various issues). All data on industrialized country privatizations is based on these two sources, and no additional information was obtained.

With respect to developing countries, additional data was gathered from a wide range of sources. For a number of countries such as Honduras, Hungary, Peru, Portugal, Turkey, or Venezuela, the corresponding country department of the World Bank was contacted in order to obtain more detailed and comprehensive information. Many thanks to all the country officers and economists involved for their help and support. Special thanks goes to Antonio Estache, an economist at the World Bank (SASVP), whose comments as well as support in obtaining data on South Asian privatizations was most valuable. Some information was obtained directly from the privatization agency in the country or from local organizations involved in domestic privatizations, especially in Latin American countries. For privatizations in Latin America, LatinFinance proved to be an interesting source for transaction information, legal aspects, and contact names.
In terms of Eastern Europe, special thanks to Maziar Minovi, a consultant at the World Bank (CFSPS), without whose data and support the collection of information on the former Czechoslovakia, Hungary, and Poland would have turned into an ordeal. This data is mostly compiled from publicly available media reports and, when possible, double-checked with personnel within the World Bank as well as privatization ministries in the countries. While the Polish and Hungarian data appear to be quite accurate, the data on the former Czechoslovakia raise some doubts in terms of the dollar amounts involved. But no better information could be obtained through the World Bank country mission or the privatization ministry itself.

The foreign exchange component of each transaction was typically not directly available and had to be estimated, based on the nationality of the buyer. With respect to consortia, an equal participation of the individual members was assumed, if no additional information was available. When revenue information was available in local currency only, it was converted into dollars based on the end-of-year exchange rate as published in the International Financial Statistics by the International Monetary Fund.

Privatization Transactions in Developing Countries- 1988-1992

(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS	Foreign Exchange
1988	Austral	Argentina	airline	100.0	28.0	0.0	debt assumed by GOA	Cielos del Sur		
1990	ENTEL (North)	Argentina	Telecommunications	60.0	621.0	465.8	$100Mn cash, $2.3Bn DES	STET-Tiatel, France Telecom, Perez Companc, JP Morgan		
1990	ENTEL (South)	Argentina	Telecommunications	60.0	636.0	419.8	$114Mn cash, $2.72Bn DES	Citibank, Telefonica de Espana, Techint Group		
1990	Canal 11	Argentina	television	100.0	8.2	0.0	15-year concession	Television Federal		
1990	Canal 13	Argentina	television	100.0	5.7	0.0	15-year concession	Arte Radiotelevisivo Argentino S.A.		
1990	Aerolineas Argentinas	Argentina	Airlines	57.0	580.0	139.2	$260Mn cash, $1.61Bn DES; 24% foreign	Iberia Airline consortium		
1990	Petropol	Argentina	petroleum/petrochemic	30.0	6.9	0.0	$4.5Mn cash, $12.1Mn DES	Indupa S.A.		
1990	Induclor	Argentina	petroleum/petrochemic	30.0	27.9	0.0	$17.8Mn cash, $50.6 Mn DES	Indupas S.A.		
1990	Monomeros vinflicos	Argentina	petroleum/petrochemic	30.0	14.6	0.0	$9.3Mn cash, $26.5Mn DES	Viniclor S.A.		
1990	Polisur	Argentina	Chemicals	30.0	22.3	0.0	$14.1Mn cash, $41Mn DES	Ipako S.A.		
1990	YPF (37 secondary drilling areas)	Argentina	petroleum	N/A	256.9	77.1		Cadipsa, Welbers, British Gas		
1990	Vialidad Nacional	Argentina	roads	N/A	250.0	0.0	concession on 10,000km of national highways	Argentine consortium		
1991	Ferroexpreso Pampeano (Rosario-Bahia Blanca)	Argentina	Railroads	N/A	110.0	55.0	50/50 split assumed, $500Mn future investment	Techint, Com. del Plata, Chase, ACA, Iowa Railroad		
1991	Rakona	Argentina	detergents	100.0	20.0	20.0		Procter&Gamble		
1991	La Celulosa	Argentina	Pulp & Paper Products	100.0	300.0	300.0	$900Mn DES (estimated)	Citicorp Capital Investor		
1991	YPF (5 primary drilling areas)	Argentina	petroleum	50.0	858.5	401.8	joint ventures	local/foreign investors		
1991	YPF (22 secondary drilling areas)	Argentina	petroleum	N/A	140.5	42.2		local/foreign investors		
1991	Entel (Telefonica de Argentina)	Argentina	Telecommunications	30.0	830.0	364.0	GDRs	local/foreign investors		
1991	Radio stations (6)	Argentina	Telecommunications	N/A	N/A	N/A	concession	local investors		
1991	Santa Helena	Argentina	Foodstuffs	100.0	N/A	N/A	token sum paid	Huancayo & Citicorp		
1991	Llao-Llao Hotel	Argentina	hotel	100.0	6.9	4.2	$3.7Mn cash, $12Mn DES	Citicorp Capital Invest., Choice Hotels Int'l, Cofica y Sur S.A.		
1991	Tandanor	Argentina	Ship Building	100.0	59.8	29.9		Banco Holandes Unido, Sud Marine S.A., local investors		
1992	Hipodromo Argentino	Argentina	horseracing track	N/A	61.5	0.0	25-year concession, 8.5% on bets plus 30% of ticket sales	local investors		
1992	Obras Sanitarias de la Nacion	Argentina	water supply	N/A	N/A	N/A	30-year concession	Lyonnaise des Eaux-Dumez/local investors		
1992	Puerto Queqien grain elevator	Argentina	grain elevator	N/A	2.9	0.0	concession, $3.5/Ton plus $.4 royalties	local investors		
1992	Puerto Buenos Aires grain elevator	Argentina	grain elevator	N/A	1.1	0.0	concession, $3/Ton plus $.15 royalties	local investors		
1992	Puerto Diamante grain elevator	Argentina	grain elevator	100.0	2.0	0.0		local investors		
1992	General Mitre Railroad	Argentina	Railroads	100.0	153.0	0.0	concession	local investors		
1992	General Urquiza Railroad	Argentina	Railroads	N/A	63.9	0.0	concession	Impesa Consortium		
1992	Delta Borges Railroad	Argentina	Railroads	N/A	N/A	0.0	concession	Sociedad Comercial del Plata		
1992	General Roca Railroad	Argentina	Railroads	N/A	N/A	0.0	concession	local investors		
1992	San Martin Railroad	Argentina	Railroads	N/A	N/A	0.0	concession	local investors		
1992	Transportadora de Gas del Norte	Argentina	Gas	70.0	210.2	0.0	$28Mn cash, $365Mn DES (DES face value estimated)	Nova/Trancogas/Wartins		
1992	Distribuidora del Litoral	Argentina	Gas	90.0	103.6	0.0	$14Mn cash, $179.2Mn DES (DES face value estimated)	Tractebel/Iberdrola/Garovaglio/Diecisiete de Abril S.A.		
1992	Transportadora de Gas del Sur	Argentina	Gas	70.0	356.2	178.1	$100Mn cash, $512.4Mn DES (DES face value estimated)	Enron/Perez/Companc/Citi		
1992	Distribuidora Pampeana	Argentina	Gas	70.0	235.4	235.4	$18Mn cash, $434.8Mn DES (DES face value estimated)	Camuzzi Gazometri SpA		
1992	Distribuidora del Sur	Argentina	Gas	90.0	148.0	148.0	$14Mn cash, $268.1Mn DES (DES face value estimated)	Camuzzi Gazometri SpA		
1992	Distribuidora del Centro	Argentina	Gas	90.0	138.0	138.0	$18Mn cash, $240Mn DES (DES face value estimated)	Italgas/Sideco		
1992	Distribuidora Cuyana	Argentina	Gas	60.0	122.0	122.0	$26Mn cash, $192Mn DES (DES face value estimated)	Italgas/Sideco		
1992	Distribuidora Metropolitana	Argentina	Gas	70.0	300.0	150.0	$44Mn cash, $512Mn DES (DES face value estimated)	British Gas/Perez Companc/Invertrad		
1992	Distribuidora Noroeste	Argentina	Gas	90.0	72.0	0.0	$10Mn cash, $124.1 DES (DES face value estimated)	Cartellone/Banco Frances/Compania de Consumidores		
1992	Distribuidora Buenos Aires Norte	Argentina	Gas	70.0	155.6	0.0	$28Mn cash, $255.1Mn DES (DES face value estimated)	Gas Natural/Discogas y Manra		
1992	YPF joint ventures (5)	Argentina	Petroleum/Petrochemic	N/A	528.9	18.0		mostly local investors		
1992	YPF (27 secondary drilling areas)	Argentina	Petroleum/Petrochemic	N/A	67.1	20.1	concession	Norcen Int'l/Petro Dev Corp Group		
1992	Aceros Parana	Argentina	steel	80.0	403.7	0.0	$379.7Mn cash, 96Mn DES (DES face value estimated)	Techint S.A.		
1992	SEGBA (Puerto)	Argentina	Power Utility	60.0	92.2	92.2		Chilgener/Chilectra		
1992	SEGBA (Costanera)	Argentina	Power Utility	60.0	90.1	45.1		local/foreign investors		
1992	SEGBA (Edesur)	Argentina	Power Utility	51.0	511.0	337.3	$30Mn cash, $962Mn DES (DES face value estimated)	Argentine/Chilean/US Consortium		
1992	SEGBA (Edenor)	Argentina	Power Utility	51.0	427.9	427.9	$30Mn cash, $796Mn DES (DES face value estimated)	French/Spanish Consortium		
1992	SEGBA (Dock Sud)	Argentina	Power Utility	90.0	25.0	0.0		Polledo S.A.		
1992	SEGBA (Pedro de Mendoza)	Argentina	Power Utility	90.0	8.5	0.0		Acindar S.A./ Massah S.A.		
1992	SEGBA (Edelap)	Argentina	Power Utility	51.0	139.0	69.5	$5Mn cash, $268Mn DES (DES face value estimated)	Houston Lighting&Power/Techint S.A.		
1992	Guemes	Argentina	Power Utility	60.0	86.2	43.1	$10Mn cash, $152.4Mn DES (DES face value estimated)	local/foreign investors		
1992	Central Sorrento	Argentina	Power Utility	90.0	8.8	0.0	$5Mn cash, $7.6Mn DES (DES face value estimated)	local investors		
1992	Alto Valle	Argentina	Power Utility	90.0	22.1	11.1		Dominion Energy/Cooperative Provincial		
1992	ENTEL (North)	Argentina	Telecommunications	30.0	1,226.9	0.0	public offer	private investors		
1992	Bank of the Province of Corrientes	Argentina	Banking	60.0	15.0	15.0		Banco del Iberia Group		
1992	Mercado de Hacienda de Liniers	Argentina	livestock market	0.0	N/A	N/A	10-year concession, price is 12% of total incomes	local merchant consortium		
1992	Altos Hornos Zapla	Argentina	Steel	100.0	33.0	16.5	$3.3Mn cash, $59.4Mn DES (DES face value estimated)	SIMA (France)/Citicorp/Penes S.A./Penfin S.A.	(69)	
1992	Sociedad Mixta Siderurgia Argentina (Somisa)	Argentina	Steel	79.9	152.1	0.0	$140Mn cash, $24.2 DES (DES face value estimated)	Propulsora Siderurgica S.A./Siderca S.A.	10,746.2	4,386.1
1991	cultivated land	Armenia	Agricultural Enterprises	70.0	N/A	N/A		N/A	0.0	0.0
1991	Barbados Telephone Company	Barbados	Telecommunications	11.0	N/A	N/A		Cable and Wireless	(2)	
1991	Barbados External Telecommunications	Barbados	Telecommunications	25.0	N/A	N/A		Cable and Wireless	0.0	0.0
1988	Belize Telecommunications Ltd	Belize	Telecommunications	49.0	14.4	7.3	first public offer	British Telecom (25%)		
1990	Belize Telecommunications Ltd	Belize	Telecommunications	13.1	8.4	0.0	sale of shares			

Privatization Transactions in Developing Countries- 1988-1992

(Dollar Amounts in Millions)

'ear	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS	Foreign Exchange
91	Belize Telecommunications Ltd.	Belize	Telecommunications	35.4	29.2	0.0	second public offer	local investors	(4)	
92	Belize Electricity Ltd.	Belize	electricity	49.0	6.9	0.0	also received $10.753 Million for debentures	local investors	58.9	7.3
88	AGB	Benin	N/A	100.0	1.4	N/A		N/A		
88	Sonae	Benin	N/A	100.0	0.5	N/A		N/A		
89	Sonaci	Benin	cement	100.0	13.3	13.3		Norwegian investor		
89	Ibetex	Benin	textiles	100.0	2.2	N/A		N/A		
90	Manucia	Benin	tobacco	100.0	4.3	4.3		Rothman's		
90	SCB	Benin	cement	100.0	4.0	0.0		local investors		
91	Sobetex	Benin	textiles	100.0	1.0	N/A		N/A	(8)	
92	Beninoise	Benin	beverages	100.0	26.2	26.2		BGI Castel (France)	52.9	43.6
92	Villamontes Edible Oils Plant	Bolivia	Foodstuffs	100.0	5.2	0.0		Granos del Oriente		
92	Criadora de Truchos Piusilla	Bolivia	trout breeding	100.0	20.8	0.0		local investors		
92	Fabrica Boliviano de Ceramica	Bolivia	ceramics	100.0	1.3	0.0		local investors		
92	Planta de Pollos BB	Bolivia	poultry	100.0	16.3	0.0		local investors		
92	Taller de Ceramica	Bolivia	ceramics	100.0	6.1	0.0		local investors	(6)	
92	Fabrica de Ceramica, Roja de Oruro	Bolivia	ceramics	100.0	173.0	0.0		local investors	222.6	0.0
88	sales by BNDES	Brazil	N/A	N/A	250.0	0.0		local investors		
89	Cofavi	Brazil	steel	100.0	8.0	0.0		Duferco		
90	Viacao Aerea Sao Paulo (VASP)	Brazil	Airlines	60.0	44.0	0.0	plus assumption of $703MM in debt	Wagner Canhedo, employees		
91	Usinas Siderurgicas de Minas Gerais	Brazil	Steel	75.0	1,491.1	89.3	5.99% foreign	private investors/Cia Vale do Rio Doce/Previ		
91	Mafersa	Brazil	Railroad & Bus Equipm	100.0	48.8	43.9	split 85%/ 10%/ 5%	Federal Railroad/employees/Mitsui		
91	Cosinor	Brazil	Steel	100.0	15.0	0.0	$60Mn DES (DES face value estimated)	Grupo Gerdau		
91	Companhia Electromecanica (Celma)	Brazil	Aircraft Services	89.1	91.1	10.2	split 76.5%/ 11.2%	Banco Boa Vista Group/General Electric		
92	Petroflex Industria e Comercio	Brazil	Petroleum/Petrochemic	80.0	234.1	0.0		PIC consortium		
92	Nitriflex	Brazil	Petroleum/Petrochemic	100.0	26.2	0.0		Local investor consortium		
92	SNBP	Brazil	navigation	100.0	12.0	0.0		Local investor consortium		
92	Acesita	Brazil	steel	100.0	465.4	0.0		Local investor consortium		
92	Alcalis (CNA)	Brazil	chemicals	100.0	81.4	0.0		Local investor consortium		
92	Petroquimica do Sul Ltd	Brazil	Petroleum/Petrochemic	100.0	56.8	0.0		Local investor consortium		
92	Copesul	Brazil	Petroleum/Petrochemic	100.0	797.1	0.0		Local investor consortium		
92	PPH	Brazil	Petroleum/Petrochemic	100.0	59.4	0.0		Local investor consortium		
92	CBE	Brazil	Petroleum/Petrochemic	100.0	10.9	0.0		Local investor consortium		
92	Aceros Finos Piratini	Brazil	Steel	88.9	107.9	0.0		Grupo Gerdau		
92	Companhia Siderurgica de Tubarao	Brazil	Steel	70.0	347.4	0.0		Bozano Simonsen/Unibanco/CVRD		
91	Goiasfertil	Brazil	fertilizer	100.0	13.0	0.0		Local investor consortium		
92	Fosfertil	Brazil	fertilizer	100.0	182.0	0.0		Local investor consortium	(21)	
92	Indag	Brazil	fertilizer	100.0	6.8	0.0		Local investor consortium	4,348.4	143.4
91	Mineralbank	Bulgaria	Banking	N/A	N/A	N/A		N/A		
91	Neftochim	Bulgaria	Petroleum/Petrochemic	N/A	N/A	N/A		N/A	(3)	
91	Balkancar	Bulgaria	Vehicles	N/A	N/A	N/A		N/A	0.0	0.0
88	Compania de Telefonos de Chile	Chile	Telecommunications	49.5	278.0	139.0		Alan Bond (Australia)		
88	Huachipato	Chile	Steel	100.0	N/A	N/A		Comp Aceros del Pacifico		
89	CTC	Chile	Telecommunications	13.0	80.0	N/A		N/A		
89	Entel	Chile	Telecommunications	30.0	90.0	90.0		Telefonica and Banco de Santander		
89	Pehuenche	Chile	N/A	70.0	90.0	0.0		Endesa (Chile)		
89	Lan Chile	Chile	Airlines	51.0	42.3	25.0	ICAROSAN sold 30% to SAS	ICAROSAN, SAS		
90	Compania de Telefonos de Chile	Chile	Telecommunications	N/A	98.0	98.0	NYSE offering	private investors		
91	Zona Franca de Iquique, S.A	Chile	free zone	31.5	21.5	0.0		local investors		
91	Empresa Minera de Aysen	Chile	mining	1.0	117.0	0.0		local investors		
91	Edelnor	Chile	energy	17.0	186.5	0.0		local investors		
91	Empresa Electrica de Aysen	Chile	energy	6.7	39.4	0.0		local investors	(12)	
92	Tongoy	Chile	services	N/A	8.0	0.0		local investors	1,050.6	352.0
91	China Southern Glass Company	China	Glass	14.9	10.9	10.9	"B" share offering	private investors		
91	Shanghai Vacuum Electron Device Corporation	China	Electrical/Electronics	N/A	74.0	74.0	"B" share offering	private investors		
92	Brilliance China Automotive Holdings	China	Automobiles	28.7	80.0	80.0	NYSE offering	private investors		
92	Guangzhou Investments	China	Real Estate	N/A	57.5	57.5	"B" share offering	private investors		
92	Shenzhen Zhongchu	China	Manufacturing	N/A	0.5	0.5	"B" share offering	private investors		
92	Shanghai Rubber Belt Co., Ltd	China	Rubber/Rubber Produc	N/A	0.6	0.6	"B" share offering	private investors		
92	Dazhong Taxi	China	Road Transport	N/A	0.8	0.8	"B" share offering	private investors		
92	Shenzhen Shenzhen Industrial	China	Beverage Producer/Bo	N/A	0.5	0.5	"B" share offering	private investors		
92	Shanghai Wing Sung Stationary	China	Manufacturing	N/A	1.0	1.0	"B" share offering	private investors		
92	China Travel International Investment Hong Kong	China	Tourism/Travel Agency	25.0	51.8	51.8	"B" share offering	private investors		
92	Hai Hong Holdings	China	Chemicals	25.0	11.9	N/A		N/A	(12)	
92	China Textile Machinery Stock Ltd	China	Textiles	N/A	0.7	0.7	"B" share offering	private investors	290.2	278.3

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(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS	Foreign Exchange
1991	Banco del Comercio	Colombia	Banking	100.0	62.7	0.0		Banco de Bogota		
1991	Colombiana Automotriz	Colombia	manufacturing	70.0	52.0	52.0		Mazda and Sumitomo		
1991	Banco Tequendama	Colombia	Banking	100.0	37.0	0.0		Banco de Construccion		
1991	Banco de los Trabajadores	Colombia	Banking	100.0	5.7	0.0		Banco Mercantil		
1991	sales by IFI (government holding)	Colombia	N/A	N/A	25.0	N/A	sale of state-owned government stock	N/A		
1992	Conastil	Colombia	engineering	40.1	1.7	0.0		Scharder/Camargo		
1992	Ferticol	Colombia	chemicals	99.3	1.7	0.0		local investors		
1992	Penwalt	Colombia	chemicals	59.3	2.0	0.0		local investors	(9)	
1992	Puerto Santa Marta	Colombia	Ports/Docks	100.0	N/A	0.0		local investors	187.8	52.0
1988	Central Azucarera del Tempisque	Costa Rica	sugar	100.0	5.9	0.0		local cooperatives	(2)	
1991	Experdios CNP	Costa Rica	convenience stores	100.0	3.3	0.0		worker cooperatives	9.2	0.0
1990	Mlada Fronta Dnes	Czecholslovakia	Newspapers/Print Med	48.0	22.0	22.0		Hersant (France)		
1992	Liberec manufacturing facilities	Czecholslovakia	Manufacturing	N/A	11.0	11.0		Rockwell International		
1992	department stores (11)	Czecholslovakia	Retail	100.0	100.0	100.0	$100Mn committed	Kmart		
1992	Liaz Jablonec	Czecholslovakia	Vehicles	20.0	N/A	N/A		Mercedes Benz		
1992	Maj	Czecholslovakia	Retail	76.0	11.8	11.8		Kmart		
1992	Prior	Czecholslovakia	Retail	97.0	27.8	27.8	$8.3Mn future investment	Kmart		
1992	Tona Pecky	Czecholslovakia	tools	67.0	N/A	N/A		Stanley Works (US)		
1992	GCP	Czecholslovakia	consumer goods	31.0	N/A	N/A		Molnlycke (subsidiary of Swedish SCA)		
1992	Avia	Czecholslovakia	vehicles	31.0	71.7	71.7	$215.2Mn in 3 years, $61.5Mn later (proceeds estimated)	Mercedes Benz		
1992	Karosa	Czecholslovakia	vehicles	30.0	221.5	221.5		Renault		
1992	Tatramat	Czecholslovakia	machinery	43.8	6.0	6.0	$28Mn future investment	Whirlpool		
1992	Bupack	Czecholslovakia	paper	40.0	31.3	31.3		Durapack (Austria)		
1992	Vitkovicc	Czecholslovakia	steel	N/A	11.0	11.0	joint venture	Aga (Sweden)		
1992	C S Cabot spol. s o	Czecholslovakia	mining	52.0	46.8	20.3		Cabot (US)		
1992	Bata CSFR	Czecholslovakia	retail	70.0	30.0	30.0	$40Mn initial capitalization	Bata (Canada)		
1992	Balirny Praha	Czecholslovakia	Foodstuffs	100.0	16.0	16.0		Sara Lee (Dutch subsidiary of US company)		
1992	CeVa Mokra	Czecholslovakia	Cement	35.0	60.3	60.3	$66.7 Mn over 10 years	Cimenteries CBR (Belgium)		
1992	Cementarna Ostrava	Czecholslovakia	Cement	68.4	81.7	81.7		Italcementi		
1992	Praszke	Czecholslovakia	Beverage Producer/Bo	N/A	89.0	89.0		Coca Cola		
1992	Czechoslovak Airlines	Czecholslovakia	Airlines	40.0	60.0	60.0		Air France consortium		
1992	Zivnostenska Bank	Czecholslovakia	Banking	52.0	28.3	28.3		BHF-Bank (Ger.)/IFC		
1992	Severokamen	Czecholslovakia	Mining	34.0	9.7	9.7		George Wimpey		
1992	Cutisin	Czecholslovakia	Foodstuffs	N/A	27.0	27.0		Teepak		
1992	CSTP	Czecholslovakia	Tobacco	31.0	N/A	N/A		Reemstma		
1992	Kyje softdrink & snack facility	Czecholslovakia	Beverage Producer/Bo	100.0	6.4	6.4	$82Mn future investment	Coca Cola		
1992	Dacicke Strojirny	Czecholslovakia	Manufacturing	100.0	120.0	120.0	$120Mn committed	TRW (US)		
1992	Cokoladovny	Czecholslovakia	Foodstuffs	43.0	128.7	128.7	$114.8Mn over 4 years	Nestle, BSN, EBRD		
1992	Ospap	Czecholslovakia	Pulp & Paper Products	100.0	34.4	34.4		Lekyam Murtaler		
1992	Tabak	Czecholslovakia	Tobacco	30.0	104.4	104.4		Philip Morris		
1992	Keramicke zavody Teplice	Czecholslovakia	Manufacturing	100.0	25.0	25.0		American Standard		
1991	Pragocement Radotin	Czechoslovakia	Cement	40.0	19.9	19.9	$15.4Mn investment in first year	Heidelberger(Germany)		
1991	Sklo Union	Czechoslovakia	Glass	11.0	32.4	32.4	raises stake to 51%	Glaverbel		
1991	Cizkovice Cementarna	Czechoslovakia	Cement	40.0	70.0	70.0		Lafarge Coppee (France)		
1991	Ceva Kraluv Dvur	Czechoslovakia	Cement	N/A	N/A	N/A		Lhoist/Heidelberger		
1991	Tourinvest	Czechoslovakia	Hotels	N/A	N/A	N/A		CBC		
1991	Palma	Czechoslovakia	Detergent	51.0	N/A	N/A		Henkel		
1991	Skoda Auto Works	Czechoslovakia	Vehicles	31.0	274.7	274.7	$824Mn over 3 years, total commitment $5.3Bn over 10 ye	Volkswagen		
1991	Cementarna Prachovice	Czechoslovakia	Cement	30.0	N/A	N/A		Holderbank		
1991	Cementarna Hranice	Czechoslovakia	Cement	70.0	62.0	62.0	$135Mn over 5 years	Italcementi		
1991	Sklo Union	Czechoslovakia	Glass	40.0	48.0	48.0	initial purchase	Glaverbel		
1991	Technoplyn	Czechoslovakia	Gas	N/A	N/A	N/A		Linde		
1991	Rakona	Czechoslovakia	Detergent	100.0	20.0	20.0		Proctor & Gamble		
1991	Bratislavske Automobilove Zavody	Czechoslovakia	Automobiles	N/A	N/A	N/A		Volkswagen		
1991	Brno Engineering Works	Czechoslovakia	Manufacturing	N/A	N/A	N/A		N/A	(55)	
1991	Szaport	Czechoslovakia	Manufacturing	100.0	N/A	N/A	split 90%/ 10%	Italex/Fonix	1,908.8	1,882.3
1992	Chemlon	Czech-Slovakia	Chemicals	52.0	N/A	N/A		Rhone-Poulenc		
1992	CTSP Bratislava	Czech-Slovakia	Tobacco	31.0	N/A	N/A		Reemtsma	(3)	
1992	Kablovna Bratislava	Czech-Slovakia	Cables	N/A	N/A	N/A		Siemens	0.0	0.0
1992	Eestii Piim-Est Milk Ltd	Estonia	Agricultural Enterprises	35.0	38.0	N/A		Arla-Valio		
1992	Tallinn Margarine Factory	Estonia	Foodstuffs	30.0	N/A	N/A		Unilever		
1992	Saku	Estonia	Brewery	60.0	N/A	N/A		Baltic Beverage Holding		
1992	Kunda Cement Works	Estonia	Cement	35.0	N/A	N/A		Atlas Cement	(5)	
1992	Eesti Tele	Estonia	Telecommunications	49.0	N/A	N/A		Televerket/Tele-Finland	38.0	0.0
1989	GEA & Associates	Ghana	N/A	100.0	0.1	0.0				

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(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS	Foreign Exchange
1989	NICTEX Factory	Ghana	textiles	100.0	0.7	0.0		local investors		
1990	Two Worlds Manufacturing	Ghana	manufacturing	N/A	0.2	0.0		local investors		
1990	Overseas Knitwear & Frabrics Ltd.	Ghana	textiles	N/A	0.1	0.0		local investors		
1990	D L Steel Ltd	Ghana	steel	N/A	0.1	0.0		local investors		
1990	Metalico Ltd.	Ghana	manufacturing	N/A	0.1	0.0		local investors		
1990	Reiss & Co. Ltd.	Ghana	N/A	N/A	0.1	0.0		local investors		
1990	Lever Brothers	Ghana	detergents	25.0	5.5	5.5		UAC		
1990	Continental Hotel	Ghana	hotel	100.0	3.6	3.6		US investor		
1990	Apremdo Poultry	Ghana	Agricultural Enterprise	100.0	0.1	0.0		local investors		
1990	GIHOC Glass Factory-Aboso	Ghana	manufacturing	N/A	0.5	0.5	3-year lease	UK-investor		
1990	GIHOC Ice and Cold Ltd	Ghana	manufacturing	100.0	0.1	0.0	liquidation	local investors		
1991	GIHOC Steelworks	Ghana	steel	60.0	2.1	2.1		US-investor		
1991	GIHOC Motor & Machine Shop	Ghana	manufacturing	100.0	0.3	0.0		local investors		
1991	Achimota Brewery	Ghana	brewery	100.0	8.2	0.0		local investors		
1991	Catering & R- st House-Cape Coast	Ghana	restaurant	100.0	0.1	0.0		local investors		
1991	Neoplan Ghana	Ghana	N/A	N/A	0.3	0.0		local investors		
1991	Ghana Aluminium-Tema	Ghana	metals	N/A	0.2	0.2		UK-investor		
1992	Ghacem	Ghana	cement	N/A	4.1	4.1		US-investor		
1992	Nestle	Ghana	manufacturing	N/A	1.2	0.0		local investors		
1992	West African Mills	Ghana	Agricultural Enterprise	N/A	5.2	5.2	Joint venture	German investor		
1992	Iram Brothers	Ghana	N/A	N/A	1.3	0.0		local investors		
1992	Guinness Ghana Ltd	Ghana	brewery	N/A	2.4	0.0		local investors	(24)	
1992	Pioneer Tobacco Ltd	Ghana	tobacco	N/A	1.0	0.0		local investors	37.5	21.2
1988	Inhomsa	Honduras	furniture	N/A	0.5	0.0		local investor		
1988	Metalsa	Honduras	manufacturing	N/A	0.3	0.0		local investor		
1988	Aysaa	Honduras	sugar	N/A	5.6	0.0		local investor		
1988	SIC	Honduras	construction	N/A	0.4	0.0		local investor		
1988	Pacarsa	Honduras	paper	N/A	5.5	5.5		Scott Paper		
1988	Contessa	Honduras	furniture	N/A	6.9	6.9		Wellington		
1989	Hotel Plaza	Honduras	hotel	N/A	5.6	0.0		local investor		
1989	Sertecny	Honduras	plantation	N/A	0.3	0.3		Spanish investor		
1990	Indeco	Honduras	construction material	N/A	0.1	0.0		local investor		
1990	Imprenta del IHSS	Honduras	printing	N/A	0.1	0.0		employees		
1990	Locomapa	Honduras	Lumber	N/A	0.8	0.0		local investor		
1991	Transportes Aereos Nacionales	Honduras	Airlines	41.0	0.5	0.5		TACA (El Salvador)		
1991	Incehsa	Honduras	cement	100.0	8.2	0.0	$12Mn over 10 years	local investor		
1991	Proinco	Honduras	machinery	N/A	0.1	0.0		local investor		
1991	Finca Sta. Rosa	Honduras	plantation	N/A	0.7	0.0		local investor		
1992	Aisa	Honduras	manufacturing	N/A	1.7	0.0		local investor		
1992	Conrad	Honduras	processing	N/A	0.1	0.1		Spanish investor		
1992	Desatur	Honduras	hotel	N/A	1.2	0.0		local investor		
1992	Inacero	Honduras	steel	N/A	2.2	0.0		local investor		
1992	Cementos de Honduras	Honduras	cement	N/A	15.1	0.0		local bank consortium		
1992	Isletas	Honduras	plantation	N/A	0.2	0.0		local investor		
1992	Hotel Brisas del Lago	Honduras	Hotels	100.0	0.6	0.0		local investor		
1992	Hotel Posadas de Copan	Honduras	Hotels	100.0	0.6	0.0		local investor		
1992	Hotel Telamar	Honduras	Hotels	51.0	1.1	0.0		local investor	(25)	
1992	Planta Sula	Honduras	Foodstuffs	100.0	3.1	0.0		local investor	61.5	13.3
1989	Ganz Electric Meters	Hungary	manufacturing	75.0	8.6	8.6		Schlumberger Industries		
1989	Tungsram	Hungary	manufacturing	49.7	110.0	110.0		General Electric		
1989	IBUSZ	Hungary	Tourism/Travel Agency	40.0	10.0	10.0		consortium under Grozentrale		
1989	Hungaria Biztosito	Hungary	Insurance	49.0	50.0	50.0		Allianz Versicherungs		
1989	Raba	Hungary	manufacturing	N/A	150.0	150.0	$150 Mn committed	General Motors		
1989	Salgotarjau Iron	Hungary	steel	100.0	83.0	83.0		Elektrolux (Sweden)		
1989	Interbank	Hungary	banking	20.0	10.0	10.0		Instituto Sao Paulo		
1990	Petofi Printing House	Hungary	Printing & Packaging	20.0	N/A	N/A		Hungarian American Enterprise Fund		
1990	KMDL	Hungary	Newspapers/Print Med	100.0	N/A	N/A		Springer Gruppe		
1990	VN/MH	Hungary	Newspapers/Print Med	N/A	N/A	N/A		WAZ		
1990	IBUSZ	Hungary	Tourism/Travel Agency	56.0	32.0	13.1	41% foreign financial investment	private investors		
1990	Chinoin	Hungary	Pharmaceuticals	40.0	80.0	80.0	$80Mn committed	Sanofi (France)		
1990	Petofi Printing House	Hungary	Printing & Packaging	50.0	7.5	7.5		Cohfin		
1990	General Banking & Trust Company	Hungary	Banking	50.0	10.0	10.0		Central European Development Corp		
1990	Ford Hungaria	Hungary	vehicles	100.0	80.0	80.0	$80Mn committed	Ford		
1990	Hungarhotel	Hungary	hotel	N/A	80.0	80.0	$80Mn committed	Oberoi (India)		
1990	Szabadeghazi Szeszipari Vallalat	Hungary	sugar	49.0	35.0	35.0		Agrana (Austria)		

Privatization Transactions in Developing Countries- 1988-1992

(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS	Foreign Exchange
1990	Kaposcukor Rt	Hungary	sugar	31.0	12.7	12.7		Agrana (Austria)		
1990	Petohazi Cukorgyari Rt	Hungary	sugar	30.0	18.0	18.0		Ostzucker (Austria)		
1990	GM Hungary	Hungary	vehicles	67.0	66.0	66.0		General Motors		
1990	Naplo/Zalai Hirlap	Hungary	Newspapers/Print Med	49.0	N/A	N/A		Krone Verlag		
1990	Nepszabadsag	Hungary	Newspapers/Print Med	41.0	N/A	N/A		Bertelsmann Gruppe		
1990	Vegs	Hungary	Machine Tools	N/A	N/A	N/A	majority stake	Rothenberger Gruppe		
1990	Tungsram	Hungary	Lighting Equipment	25.0	50.0	50.0		General Electric		
1990	Graboplast	Hungary	Manufacturing	30.0	12.0	12.0		private investors		
1991	Magyar Suzuki	Hungary	Vehicles	40.0	30.0	30.0		Suzuki		
1991	Zalakeramia	Hungary	Manufacturing	75.0	12.9	12.9		IMI Securities (UK)		
1991	Szolnok Papier	Hungary	Pulp & Paper Products	N/A	N/A	N/A		Brigl & Bergmeister		
1991	Nyiregyhaza	Hungary	construction	N/A	11.0	11.0	$11Mn committed	Bau Holding (Austria)		
1991	Revai Obuda Nyomda	Hungary	printing	57.0	7.0	7.0	$7Mn committed	Watmoughs (UK)		
1991	Budapest Liquor Industry Company	Hungary	Spirits Producers/Merc	100.0	27.4	27.4		Peter Zwack Consortium (CH)		
1991	Dunaholding	Hungary	Holding Company	N/A	N/A	N/A		private investors		
1991	Budaflex	Hungary	Textiles	N/A	N/A	N/A		private investors		
1991	Dorog Coalmines	Hungary	Mining	54.0	N/A	N/A		Hepta		
1991	Tisza Chemical Combinate	Hungary	Chemicals	100.0	N/A	N/A		General Electric		
1991	Egri Tobacco Factory	Hungary	Tobacco	100.0	N/A	N/A	split 80%/ 20%	Philip Morris/Austria Tabak Werke		
1991	ice cream maker	Hungary	Foodstuffs	100.0	N/A	N/A		Scholler Group		
1991	Reform	Hungary	Newspapers/Print Med	50.0	1.0	1.0		Rupert Murdoch		
1991	Styl	Hungary	Retail	13.0	N/A	N/A		GFT Baumler		
1991	Hungarian Glass	Hungary	Glass	80.0	115.0	115.0	$115Mn committed	Guardian Glass (US)		
1991	Dunapack	Hungary	Printing & Packaging	40.0	82.0	82.0	$82Mn committed	Prinzhorn Group (Austria)		
1991	Ikarus	Hungary	Vehicles	30.0	50.0	50.0		Alex (US)		
1991	Compack Trading & Packing	Hungary	Export/Trading	51.0	60.0	60.0		Sara Lee (US)		
1991	Villanyszereloipari Rt	Hungary	electricity	75.0	22.4	22.4		Siemens (Germany)		
1991	Vertesz Rt	Hungary	machinery	44.0	12.6	12.6		Schlunberger (France)		
1991	Budapesti Szeszipri	Hungary	brewery	30.0	10.3	10.3		Coca Cola		
1991	Borsodi Sorgyar	Hungary	Brewery	52.0	N/A	N/A		Interbrew		
1991	Csemege Trading Co	Hungary	retail	51.0	33.7	33.7		Julius Meinl (Austria)		
1991	Csemege-Meinl Rt	Hungary	trade	51.0	25.5	25.5		Julius Meinl (Austria)		
1991	Pestvideki Machine Works	Hungary	Airlines	85.5	26.5	26.5		Lineup Aviation		
1991	Styl	Hungary	Clothing	32.0	5.8	5.8		private investors		
1991	Lehel Refrigerator Factory	Hungary	Manufacturing	100.0	83.0	83.0	$83Mn committed	Electrolux (Sweden)		
1991	IBUSZ	Hungary	Tourism/Travel Agency	N/A	6.5	6.5		private investors		
1991	Fonix	Hungary	Retail	41.0	N/A	N/A	split 25.6%/ 15.4 %	Italex/First Austrian Savings Bank		
1991	Oxigen es Dissousgazgyar Kft	Hungary	Chemicals	97.0	21.6	21.6		Messer Griesheim (Germany)		
1991	Kontrax Telekom	Hungary	Telecommunications	44.0	14.7	14.7		Siemens (Germany)		
1991	OZD Steel	Hungary	Steel	100.0	N/A	N/A		Korf		
1991	Komaromi Sorgyar	Hungary	Brewery	50.3	N/A	N/A		Heineken (NL)		
1991	First Hungary Cooperative Brewery	Hungary	Brewery	60.3	N/A	N/A		Osterreichische Brau AG		
1991	Pannonplast	Hungary	Chemicals	100.0	26.8	0.0		local investors		
1991	Linde Repergaz Rt	Hungary	canning	97.0	25.5	25.5		Linde AG (Germany)		
1991	ODV	Hungary	chemicals	N/A	25.3	0.0		local investors		
1991	Strabag Hungaria	Hungary	construction	100.0	17.0	17.0		Strabag AG (Austria)		
1991	Gyar-es Gepszerelo	Hungary	Machinery	100.0	10.7	0.0		local investors/employees		
1991	Szenzor	Hungary	N/A	100.0	1.3	0.0		local investors		
1991	Investor	Hungary	Investments	60.0	N/A	N/A		CP Holdings (UK)		
1991	gas distributors	Hungary	services	51.0	20.0	20.0		Pamgas Consortium (SHV/NL, Primagaz/France, Calor Gas/UK)		
1991	Gardenia	Hungary	Manufacturing	95.0	12.0	12.0		GITCO Ltd. (Australia)		
1991	Petofi Printing House	Hungary	Printing & Packaging	N/A	N/A	N/A		Cohfin		
1992	retail shops/outlets (24)	Hungary	Retail	100.0	19.5	19.5		Tengelmann		
1992	Kontur	Hungary	Retail	51.0	N/A	N/A		Fotex (Hungary)		
1992	Domus	Hungary	Retail	21.0	N/A	N/A		Fotex (Hungary)		
1992	Budapest Distilling	Hungary	Brewery	51.0	N/A	N/A		Mautner Markhof		
1992	Szerencsi Cukorgyar	Hungary	sugar	100.0	25.9	10.3	60/40 split	local/foreign investors		
1992	Mirelite Frozen Foods	Hungary	Foodstuffs	54.0	N/A	N/A		Participations Financiere		
1992	Fejer-Komarom megyei deiry	Hungary	Agricultural Enterprises	65.0	35.0	35.0	majority stake	Parmalat (Italy)		
1992	Elzett	Hungary	Hardware/Hand Tools	100.0	8.9	8.9		Participations Financiere/Roto Frank		
1992	Novenyolajipari es Mososzergyarto Vallalat oil seed [illegible]	Hungary	detergents	100.0	100.0	100.0		Ferruzzi/Unilever		
1992	Keravill	Hungary	Retail	100.0	N/A	N/A		Termpex		
1992	retail shops/outlets (10)	Hungary	Retail	100.0	N/A	N/A		Louis Delhaize Group		
1992	Ofotert	Hungary	Optics	51.0	N/A	N/A		Fotex (Hungary)		
1992	Kofem	Hungary	Metallurgical	50.1	50.0	50.0		US Aluminum Co (ALCOA)		

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(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS	Foreign Exchange
1992	Hungarovin	Hungary	Spirits Producers/Merc	79.5	17.9	17.9		Henkell und Sohnlein (Austria)		
1992	Malev	Hungary	airline	35.0	65.0	65.0		Alitalia (Italy)		
1992	Satoraljaujhely Dohanygyar	Hungary	Tobacco	87.0	N/A	N/A		RJR Nabisco		
1992	Duna Intercontinental	Hungary	Hotels	100.0	20.0	20.0	$20Mn committed	Marriott		
1992	Nagy Kanisza	Hungary	Brewery	100.0	N/A	N/A		management		
1992	VMTV	Hungary	Foodstuffs	100.0	10.0	10.0		Unilever		
1992	Kner Nyomda	Hungary	Printing & Packaging	85.0	20.0	0.0		COFINEC (Hungary)		
1992	Nyugat	Hungary	Retail	56.0	N/A	N/A		Caem–ge-Meinl		
1992	Quintia Kft.	Hungary	consumer goods	97.0	33.9	33.9		Stollwerck AG (Germany)		
1992	Alfoldi Porcelan Rt.	Hungary	building material	64.0	12.1	12.1		Villeroy & Boch (Germany)		
1992	Szrenca food factory	Hungary	Foodstuffs	40.0	13.3	13.3	estimated proceeds ($40Mn for 3 deals)	Ferruzzi		
1992	Fovarosi Foto Vallalat	Hungary	Retail	100.0	3.0	3.0		Porst		
1992	Cement and Lime Industry	Hungary	Cement	33.0	6.0	6.0		Breitenburger		
1992	Matravidek	Hungary	Sugar	40.0	13.3	13.3	estimated proceeds ($40Mn for 3 deals)	Ferruzzi		
1992	Sopron Brewery	Hungary	Brewery	37.5	4.8	4.8		Osterreichische Brau AG		
1992	Debrecen Tobacco Factory	Hungary	Tobacco	82.0	15.4	15.4		Reemtsma		
1992	Szolnok sugar factory	Hungary	Sugar	40.0	13.3	13.3	estimated proceeds ($40Mn for 3 deals)	Ferruzzi		
1992	Allami Biztosito	Hungary	Insurance	75.0	50.0	50.0		Aegon		
1992	Dimag	Hungary	Steel	80.0	119.5	59.8	split 40%/ 40%	Nuevometall/Soyuzruda		
1992	Pecsi Tobacco Factory	Hungary	Tobacco	100.0	36.0	36.0		British American Tobacco		
1992	Donichem	Hungary	Plastics	50.0	N/A	N/A		Dow Chemical		
1992	Microsystem Technical & Computer Engineering	Hungary	Computers	28.0	5.4	3.0	split 15%/ 13%	EBRD/Hungarian American Enterprise Fund		
1992	Dunaujvaros steel plant	Hungary	Steel	50.0	31.0	31.0		Voest-Alpine (Austria)		
1992	Intercsokolade	Hungary	Sugar	97.0	38.0	38.0		Nestle (CH)		
1992	Gyori Keksz	Hungary	Foodstuffs	84.0	N/A	N/A		United Biscuits		
1992	Hajdusagi Cukorgyar	Hungary	Sugar	30.0	20.0	20.0		Tate & Lyle (UK)	(141)	
1992	Px Human Risk Management	Hungary	Software/Data Process	N/A	N/A	N/A		TSB Group	2,489.5	2,306.8
1991	Industrial Credit and Investment Corp of India	India	Finance Companies	27.0	35.7	N/A		N/A		
1992	National Aluminum Co	India	Metallurgical	5.0	N/A	N/A		N/A		
1992	Hindustan Zinc	India	Metallurgical	5.0	N/A	N/A		N/A		
1992	Bharat Petroleum Corp	India	Petroleum/Petrochemic	5.0	13.4	0.0		local investors		
1992	Steel Authority of India	India	Steel	5.0	70.8	0.0		state banks/mutual funds		
1992	Hindustan Petroleum Corp	India	Petroleum/Petrochemic	5.0	11.1	0.0		local investors	(7)	
1992	Indian Petrochemicals Corporation	India	Petroleum/Petrochemic	6.0	105.8	0.0		local investors	236.8	0.0
1991	PT Semen Gresik	Indonesia	Cement	26.7	146.0	N/A		N/A	146.0	0.0
1988	Telecom	Jamaica	Telecommunications	13.0	19.0	N/A		N/A		
1989	Telecom	Jamaica	Telecommunications	20.0	42.0	42.0		Cable & Wireless (U.K.)		
1990	Telecom	Jamaica	Telecommunications	20.0	42.0	42.0		Cable & Wireless (U.K.)		
1991	Telecom	Jamaica	Telecommunications	20.0	42.0	42.0		Cable & Wireless		
1991	West Indies Glass Co	Jamaica	manufacturing	N/A	2.5	0.0		local investors		
1991	Radio Jamaica	Jamaica	Telecommunications	25.1	0.8	0.0		local investors	(7)	
1992	National Commercial Bank	Jamaica	Banking	39.0	23.0	N/A		N/A	171.3	126.0
1988	Kenya Commercial Bank	Kenya	banking	20.0	8.0	N/A		N/A	(2)	
1990	Kenya Commercial Bank	Kenya	banking	10.0	12.0	N/A		N/A	20.0	0.0
1992	Aldaris	Latvia	Brewery	60.0	N/A	N/A		Baltic Beverage Holding	0.0	0.0
1990	Edaran Otomobil Nasional	Malaysia	manufacturing	30.0	57.0	N/A		N/A		
1990	Syarikat Telekom Malaysia Bhd	Malaysia	Telecommunications	23.9	871.0	N/A		N/A		
1990	National Electricity Board	Malaysia	electricity	N/A	11.0	N/A		N/A		
1991	Kedah Cement	Malaysia	Cement	N/A	22.0	0.0	public issue	local investors		
1991	STM convertible bond	Malaysia	N/A	N/A	190.0	0.0		N/A		
1991	Perusahaan Otomobil Nasional	Malaysia	Automobiles	30.0	N/A	N/A		Mitsubishi		
1991	Port Klang Containers	Malaysia	shipping	N/A	135.0	N/A		N/A		
1992	Malaysia Airlines System	Malaysia	Airlines	N/A	689.0	N/A	rights offering	N/A		
1992	Telekom Malaysia	Malaysia	Telecommunications	3.0	250.8	N/A		N/A		
1992	Tenaga Nasional Berhad	Malaysia	Power Utility	23.0	1,200.0	N/A		N/A		
1992	Perusahaan Otomobil Nasional	Malaysia	Automobiles	30.0	300.0	N/A		N/A	(12)	
1992	water supply Johor State	Malaysia	water	N/A	175.0	89.3	51/49 split	Lyonnaise Des Eaux Dumez/Kembangan Dinamik	3,900.8	89.3
1988	Tereftalatos Mexicanos	Mexico	energy	42.2	106.0	0.0		Petrocel		
1988	Mexicana de Cobre	Mexico	Mining	56.0	1,360.0	0.0		consortium under Jorge Larrea		
1988	Nikko Hotel	Mexico	Services	51.0	110.0	55.0	50/50 split assumed	Japan-Mexico Hotel Investment		
1988	Aerovias de Mexico	Mexico	Airlines	100.0	339.0	0.0		Dictum Group and ASPA (pilots union)		
1990	Mexicana	Mexico	Airlines	33.0	140.0	0.0		consortium under Grupo Xabre		
1990	Telefonos de Mexico (TELMEX)	Mexico	Telecommunications	20.4	1,760.0	862.4	split 5%/ 5%/ 10.4%	Southwestern Bell/France Telecom/Grupo Carso		
1990	Compania Minera de Cananea (copper)	Mexico	mining	100.0	475.0	0.0		Minera Mexico, Acec-Union Minera (GIMM)		
1990	Compania Real del Monte y Pachuca	Mexico	mining	100.0	75.0	0.0		Grupo Autrey		

Privatization Transactions in Developing Countries- 1988-1992

(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS	Foreign Exchange
1990	Industrias Conasupo (selected assets)	Mexico	agrobusiness	100 0	75 0	75.0		Unilever NV		
1990	Mexinox	Mexico	steel	66.6	80 0	40.0	each company acquired 33.3% equity	Thyssen Edelstahl, Acerinox		
1990	19 sugar mills	Mexico	agrobusiness	100 0	100 0	N/A		N/A		
1991	Siderurgica del Balsas	Mexico	Steel	100 0	25 0	0.0	$25 Mn cash, $195 Mn assumed debt	Grupo Caribbean Ispat		
1991	Siderurgica Lazaro Cardenas-Las Truchas	Mexico	Steel	80.0	170 0	0.0		Grupo Villacero		
1991	Banca Cremi	Mexico	Banking	66 7	247 0	0.0		Multivalores		
1991	Banco de Credito y Servicios (Bancreser)	Mexico	Banking	100.0	141 0	0.0		local investor group		
1991	Banco Nacional de Mexico (Banamex)	Mexico	Banking	70 7	3,235 0	0.0		Acciones y Valores/local investor group		
1991	Empresas Gamesa	Mexico	Beverage Producer/Bo	70.0	320 0	320.0		Pepsi Cola		
1991	Banpais	Mexico	Banking	100 0	182 0	0 0		local investors		
1991	Multibanco Mercantil	Mexico	Banking	77.0	202 7	0 0		Grupo Financiero Probursa		
1991	Bancomer	Mexico	Banking	62 8	2,540 0	638.2	GDRs	Valores Monterrey/private investors		
1991	Telefonos de Mexico (TELMEX)	Mexico	Te!ecommunications	15 7	2,363 0	2,363.0	ADSs for 1600 "L"-shares(non-voting)	Grupo Carso, France Telecom, Southwestern Bell		
1991	Banco de Oriente	Mexico	Banking	69 3	73 0	0 0		Grupo Margen		
1991	Banca Confia	Mexico	Banking	78 6	297 0	0.0		Casa de Bolsa Abaco		
1991	Banco BCH	Mexico	Banking	100 0	293 0	0 0		local investor group		
1991	Altos Hornos de Mexico	Mexico	Steel	100 0	145.0	0 0	$145 Mn cash, $350 Mn assumed debt	Grupo Acero del Norte		
1991	Telefonos de Mexico	Mexico	Telecommunications	5 0	467.3	467 3		Southwestern Bell		
1992	Mexicana	Mexico	airline	N/A	34 7	0.0		Corporacion Falcon		
1992	Albamex-Reciba	Mexico	food	N/A	1 7	0 0		ARIC Superacion		
1992	Liconsa-Linea UHT	Mexico	milk	N/A	1 1	0 0		Promotora Expresa		
1992	Controladora Pena Colorada	Mexico	steel	N/A	117 7	0.0		Ispat Mexicana		
1992	Compania Azucarera del Ingenio Bellavista	Mexico	sugar	N/A	10 4	0.0		Union Nacional de Caneros		
1992	Patrimonio de la Unidad de Concarril	Mexico	train building	N/A	22.6	22 6		Bombardier		
1992	Astilleros Unidos de Mazatlan	Mexico	ship building	N/A	0 6	0.0		Grupo Simec		
1992	Ceramicas y Ladrillos	Mexico	construction	N/A	0 3	0.0		Patricio Trevino		
1992	Nutrimex	Mexico	food	N/A	0 6	0 6		Agro-Lacteos Ingredients Corp		
1992	Minera Carbonifera Rios Escondido	Mexico	mining	N.A	9 9	0 0		Minas Energia del Norte		
1992	Grupo Industrial NKS	Mexico	steel	N/A	34 0	0.0		Promotora de Empresas GM		
1992	Compania Operadora de estaciones (incl 30 gas statc	Mexico	gas stations	100 0	22 0	0.0		Hidrosina		
1992	Roca Fosforica Mexicana	Mexico	mining	N/A	2 1	0.0		Grupo Empresarial del Bajo		
1992	Productora Mexicana de Tuberia	Mexico	steel	N/A	5 6	0.0		Tubacero/Ispat		
1992	Multibanco Comermex	Mexico	Banking	66 5	871.2	0 0		Agustin Legorreta Group		
1992	Compania Nacional de Carros de Ferrocarril	Mexico	Manufacturing	100 0	68.0	68.0	$46.6 Mn assumed debt	Bombardier		
1992	Banco Internacional	Mexico	Banking	51 0	474 4	0.0		Grupo Financiero Privado Mexicano		
1992	Banco del Atlantico	Mexico	Banking	68.6	471 5	0.0		Grupo Bursatil Americano		
1992	Banco del Centro	Mexico	Banking	66 3	277 3	0.0		Multiva GF		
1992	Banco Mexicano Somex	Mexico	Banking	81 6	603.3	0.0		Grupo Invermexico		
1992	Banca Serfin	Mexico	Banking	51 0	911 2	0 0		Grupo Financiero OBSA		
1992	Banco Mercantil del Norte	Mexico	Banking	66.0	567 0	0.0		Grupo Maseca		
1992	Banco Promex	Mexico	Banking	66 0	344.7	0.0		Valore Finamex Group		
1992	Banoro	Mexico	Banking	66 0	364 7	0.0		Rodolfo Esquer Group	(76)	
1992	Fertimex Ammonium Nitrate (8 plants)	Mexico	fertilizer	100 0	260 3	0.0		local investors	20,797 9	4,912 1
1992	Societe de Derives de Sucre (Soders)	Morocco	sugar derivatives	33 3	3.3	3.3		Lesaffre (France)	3.3	3 3
1992	Marbeira LDA	Mozambique	fishing	60 0	2.3	1.5		Irvin&Johnson, RSA (40%)		
1992	Gambeira LDA	Mozambique	fishing	60.0	0.9	0.6		Natal Ocan, RCA (40%)		
1992	Sulpesca LDA	Mozambique	fishing	40 0	0.4	0.4		Natal Ocan, RCA (40%)		
1992	Fabrica de Refrigerantes da Machava	Mozambique	beverages	60 0	1.4	1.4		Suncush, RSA (60%)	(5)	
1992	Fabrica de Refrigerantes da Beira	Mozambique	beverages	60 0	0.9	0.9		Fairhurst/Bulawayo, Btls. Ltd., UK/Zimbabwe (60%)	5.9	4.8
1992	Bhrikuti Paper Mills	Nepal	manufacturing	100 0	5 4	0.0		Himali Pipes Private Ltd		
1992	Bansbari Leather and Shoe Factory	Nepal	manufacturing	100 0	0.5	0.0		Leatherage India Ltd (India)	(3)	
1992	Harisiddhi Brick and Tile Factory	Nepal	manufacturing	100 0	5.4	0.0		Sunderlal Bhabnani and Narsingh Bahadur Shrestha	11.3	0 0
1989	Nigerian Yeast & Alcohol Plc	Nigeria	agrobusiness	100 0	0.4	0.0		local investors		
1989	Impresit Bakalori Plc	Nigeria	N/A	100.0	0.7	0.0		local investors		
1989	Durbar Hotels Plc	Nigeria	hotel	100.0	5 1	0.0		local investors		
1989	African Petroleum Plc	Nigeria	petroleum	N/A	4.2	0.0		local investors		
1989	National Oil&Chemical Marketing Co. Plc	Nigeria	petroleum	N/A	4 3	0.0		local investors		
1989	Cement Co. of Northern Nigeria Plc	Nigeria	cement	N/A	9 1	0.0		local investors		
1990	flour mills of Nigeria Plc	Nigeria	agrobusiness	100.0	0.7	0.0		local investors		
1990	Aba Textile mills	Nigeria	agrobusiness	100 0	2 2	0.0		local investors		
1990	Ashaka Cement	Nigeria	cement	100 0	5 0	N/A		N/A		
1990	Benue Cement	Nigeria	cement	100 0	5 0	N/A		N/A		
1990	Okomu Oil Palm	Nigeria	agrobusiness	100 0	3.0	N/A		N/A		
1991	Ayip Eku Oil Palm	Nigeria	Chemicals	N/A	1.5	0.0		private investors		
1991	13 insurance companies	Nigeria	finance	100 0	7.1	0.0		local investors		

Privatization Transactions in Developing Countries- 1988-1992

(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS	Foreign Exchange
1991	National Salt Company	Nigeria	Salt	N/A	1.0	0.0		private investors		
1991	Unipetrol	Nigeria	Petroleum/Petrochemic	N/A	9.7	0.0		private investors		
1992	Nigerian Engineering Construction Company	Nigeria	Engineering	60.0	1.4	N/A		National Provident Fund	(29)	
1992	Lagos Federal Palace Hotel	Nigeria	Hotels	100.0	50.0	N/A		Ikeja Hotels	110.4	0.0
1990	Pakistan International Airlines	Pakistan	Airlines	10.0	11.0	0.0	public issue	local investors		
1991	Allied Bank	Pakistan	Banking	26.0	19.6	0.0		employees		
1991	Al-Ghazi Tractors	Pakistan	manufacturing	N/A	4.2	4.2	joint venture	foreign investor		
1991	Fazal Vegetable Ghee	Pakistan	food processing	N/A	0.8	0.0		local investor		
1991	Muslim Commercial Bank	Pakistan	Banking	26.0	38.0	0.0		National Group		
1992	Millat Tractors	Pakistan	manufacturing	51.0	4.9	0.0		management buyout		
1992	Balochistan Wheels Ltd	Pakistan	manufacturing	N/A	4.3	0.0		local investor		
1992	National Motors Ltd	Pakistan	manufacturing	N/A	2.4	0.0		local investor		
1992	Pak-Suzuki Motor Co	Pakistan	manufacturing	N/A	6.9	6.9		Suzuki		
1992	Antibiotic (Pvt) Ltd	Pakistan	chemicals	N/A	0.4	0.0		local investor		
1992	Kurram Chemical Factories	Pakistan	chemicals	N/A	0.6	0.6		foreign investor		
1992	National Fibres	Pakistan	chemicals	N/A	12.2	0.0		local investor		
1992	Sind Alkalis Ltd	Pakistan	chemicals	N/A	3.1	0.0		local investor		
1992	Pak PVC Ltd.	Pakistan	chemicals	N/A	1.0	0.0		local investor		
1992	Pak China Fertilizers Ltd	Pakistan	chemicals	N/A	7.3	0.0		local investor		
1992	Associated Industries, Nowshera	Pakistan	manufacturing	N/A	2.5	2.5		foreign investor		
1992	Bara Vegetable Ghee Mills, Bara	Pakistan	food processing	N/A	0.5	0.0		local investor		
1992	Chiltan Ghee Mills, Quetta	Pakistan	food processing	N/A	0.7	0.0		local investor		
1992	Haripur Vegetable Oil Processing Industries	Pakistan	food processing	N/A	0.5	0.0		local investor		
1992	Bahawalpur, Roti Plant	Pakistan	food processing	N/A	0.1	0.0		local investor		
1992	Faisalabad I, Roti Plant	Pakistan	food processing	N/A	0.5	0.0		local investor		
1992	Gulberg Roti Plant, Lahore	Pakistan	food processing	N/A	0.4	0.0		local investor		
1992	Head Office, Roti Plant, Lahore	Pakistan	food processing	N/A	0.4	0.0		local investor		
1992	Hyderabad, Roti Plant	Pakistan	food processing	N/A	0.1	0.0		local investor		
1992	Islamabad, Roti Plant	Pakistan	food processing	N/A	0.2	0.0		local investor		
1992	Multan, Roti Plant	Pakistan	food processing	N/A	0.1	0.0		local investor		
1992	Multan Road Roti Plant, Lahore	Pakistan	food processing	N/A	0.4	0.0		local investor		
1992	Peshawar, Roti Plant	Pakistan	food processing	N/A	0.1	0.0		local investor		
1992	Quetta, Roti Plant	Pakistan	food processing	N/A	0.2	0.0		local investor		
1992	SITE Roti Plant, Karachi	Pakistan	food processing	N/A	0.1	0.0		local investor		
1992	Taimuria Roti Plant, Karachi	Pakistan	food processing	N/A	0.4	0.0		local investor		
1992	Eminabad Rice Mill	Pakistan	food processing	N/A	0.4	0.0		local investor		
1992	Faizabad Rice Mill	Pakistan	food processing	N/A	0.3	0.0		local investor		
1992	Hafizabad Rice Mill	Pakistan	food processing	N/A	0.8	0.0		local investor		
1992	Sheikhupura Rice Mill	Pakistan	food processing	N/A	0.4	0.0		local investor		
1992	Siranwali Rice Mill	Pakistan	food processing	N/A	0.2	0.0		local investor		
1992	National Port Trust Building	Pakistan	port	N/A	7.4	0.0		local investor		
1992	Hydarui Industries, Hyderabad	Pakistan	manufacturing	N/A	0.3	0.0		local investor		
1992	Kakakhel Industries, Faisalabad	Pakistan	manufacturing	N/A	1.2	1.2		foreign investor		
1992	Sh. Fazal ur Rehman&Sons, Multan	Pakistan	manufacturing	N/A	1.0	0.0		local investor		
1992	United Industries Lmt, Faisalabad	Pakistan	manufacturing	N/A	0.8	0.0		local investor		
1992	Wazir Ali Industries, Hyderabad	Pakistan	manufacturing	N/A	0.9	0.0		local investor		
1992	Karatchi Pipe Ltd	Pakistan	engineering	N/A	0.6	0.0		local investor		
1992	Metropolitan Steel Ltd	Pakistan	engineering	N/A	1.2	0.0		local investor		
1992	Pak Switchgear Ltd	Pakistan	engineering	N/A	0.4	0.0		local investor		
1992	Pioneer Steel Mills Ltd	Pakistan	engineering	N/A	0.2	0.0		local investor		
1992	Dandot Cement Co Ltd	Pakistan	cement	N/A	10.1	0.0		local investor		
1992	D.G. Khan Cement	Pakistan	cement	N/A	44.2	0.0		local investor		
1992	Gharibwal Cement Ltd	Pakistan	cement	N/A	13.4	0.0		local investor		
1992	Kohat Cement Co Ltd	Pakistan	cement	N/A	8.4	0.0		local investor		
1992	Maple Leaf Cement	Pakistan	cement	N/A	4.7	0.0		local investor		
1992	Pak Cement Lmt	Pakistan	cement	N/A	3.1	0.0		local investor		
1992	White Cement Ltd	Pakistan	cement	N/A	2.2	0.0		local investor	(54)	
1992	Zeal Pak Cement Ltd	Pakistan	cement	N/A	3.8	0.0		local investor	229.8	15.3
1990	Hotel Taboga	Panama	hotel	100.0	567.0	0.0		local investor		
1991	Hotel Washington	Panama	hotel	100.0	2.0	0.0		local investor		
1991	Air Panama	Panama	Airline	100.0	23.0	11.7		Air Panama Int'l		
1992	Bananero del Atlantico (Cobana)	Panama	bananas	100.0	6.8	0.0		employees	(5)	
1992	Air Panama International	Panama	Airline	100.0	N/A	N/A	split 51%/ 49%	domestic/foreign investor group	596.8	27.0
1991	Compania de Minas Buenaventura	Peru	Mining	9.0	1.5	0.0	public offer	private investors		
1991	Sogewiese Leasing	Peru	Finance Companies	N/A	1.1	0.0	public offer	private investors		

Table A-1

Privatization Transactions in Developing Countries- 1988-1992

(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS	Foreign Exchange
1991	Compania Peruana de Telefonos	Peru	Telecommunications	66.9	N/A	0.0		private investors		
1991	Industrias Navales (Inasa)	Peru	ship repair	89.0	0.7	0.0		Sindicato Pesquero		
1992	Minpeco USA	Peru	Mineral Trading	100.0	4.1	4.1		Brazilian/Uruguayan Consortium		
1992	Solgas	Peru	bottled gas	84.1	7.3	3.7		Chilean and Peruvian investors		
1992	Quellaveco	Peru	mining	100.0	12.0	12.0	$560Mn future investment expected	Chilean subsidiary of Anglo-American		
1992	Banco de Comercio	Peru	Banking	59.0	5.4	0.0		Manrique Group		
1992	Quimica del Pacifico	Peru	Chemicals	60.0	6.6	0.0		Marcos Fishman		
1992	Hierro Peru	Peru	Mining	100.0	120.0	120.0	$150Mn future investment over next 3 years	Shougang Corp		
1992	Petroperu gas stations	Peru	Petroleum/Petrochemic	100.0	38.5	0.0	78 units sold	local investors		
1992	Compania Minera Condensable	Peru	Mining	80.0	1.3	0.0		Serfin	(13)	
1992	Enatruperu	Peru	Road Transport	100.0	11.1	0.0		employees	209.6	139.8
1989	Philippines National Bank	Philippines	banking	30.0	60.0	N/A		private investors		
1991	Passi Iloilo Sugar Central	Philippines	agrobusiness	N/A	10.2	0.0	repurchase of promissory notes	local investors		
1991	Eastern Visayas Telephone Co	Philippines	telecommunications	N/A	4.1	0.0	repurchase of promissory notes	local investors		
1991	lease agreements	Philippines	N/A	N/A	36.2	N/A		N/A		
1991	Bulodnon sugar refinery	Philippines	agrobusiness	N/A	15.0	15.0		Eastern Sugar		
1991	Manila Electric Company	Philippines	Utilities	23.0	96.3	N/A		private investors		
1991	Union Bank	Philippines	banking	30.0	20.0	N/A		N/A		
1991	Philippine Plaza Hotel	Philippines	Hotels	100.0	60.0	60.0		Allied Kajima (Japan)		
1992	Meralco	Philippines	electricity	23.0	98.0	49.0	pubic issue, 50/50 split assumed	Baring Brothers, Philippine financial institutions		
1992	Philippine Airlines	Philippines	Airlines	67.0	375.0	N/A	government assumed $512 MM in debt	AB Capital Inv. Corp (Phil), incl. int'l investment funds		
1992	Philippine National Bank	Philippines	Banking	12.0	117.6	N/A		private investors	(12)	
1992	Semirara Coal of Manila	Philippines	Coal	40.0	163.4	163.4		Voest Alpine	1,077.8	287.4
1990	Exbud	Poland	Construction	100.0	24.2	10.3	17.5% ITT	ITT, employees		
1990	Zminowroclaw	Poland	N/A	100.0	3.2	0.0		local investors		
1990	Budokor	Poland	N/A	80.0	4.4	0.0		Budokor (Poland)		
1990	Norblin	Poland	N/A	80.0	3.4	0.0		Universal (Poland)		
1990	Huta Szkla Irena	Poland	glass	37.5	0.2	0.0		Minex (Poland)		
1990	Ekomel	Poland	N/A	80.0	0.4	0.0		K. Horodecki (Poland)		
1990	Mostostal Warzawa	Poland	construction	70.0	7.4	0.0	proceeds estimated	Pthz Elektrim (Poland)		
1990	Famet	Poland	N/A	80.0	2.1	0.0		Investmet Sp.z.o (Poland)		
1990	Pol-BAF	Poland	potato processing	80.0	3.3	3.3		Basic American Inc (US) (80%)		
1990	Techma	Poland	N/A	80.0	0.2	0.2		Hean (60%)		
1990	Kraktbud	Poland	N/A	80.0	0.9	0.0		management		
1990	Kaprinz	Poland	N/A	80.0	0.3	0.0		Annex		
1990	Koszalineklus Piwowarskie	Poland	N/A	30.0	0.6	0.6	proceeds estimated	AMS Anlage Planung GmbH (Germany)(30%)		
1990	Krakchemia	Poland	chemicals	51.0	1.0	1.0	28.2/22.8 split, proceeds estimated	Hean and F Szelag		
1990	Cetech	Poland	N/A	80.0	0.3	0.0	proceeds estimated	St. Gajda		
1990	Universal	Poland	Export, Trading	31.0	N/A	N/A		private investors		
1990	Zwut	Poland	Telecommunications	49.0	N/A	N/A		Siemens		
1990	Bank Inicjatyw Gospodarczych	Poland	Banking	N/A	N/A	N/A		private investors		
1991	Polam-Pila	Poland	Electrical/Electronics	51.0	18.8	12.5	66.6% Philips	Philips Lighting		
1991	Prefabet Lisow	Poland	N/A	51.0	1.6	0.0	proceeds estimated	Polbudserwis (Poland)		
1991	Pomorskie F Ki Mebli	Poland	furniture	80.0	3.2	3.2	proceeds estimated	Karl-Heinz Klose		
1991	Mostostal Eksport	Poland	construction	40.0	2.9	2.9	28.09/11.9 split	Gerd Bonn and K. Schroder		
1991	Tel Eko	Poland	N/A	80.0	0.0	0.0		A. Lewandowicz		
1991	Zamech	Poland	Manufacturing	76.0	14.9	14.9	proceeds estimated, $70Mn committed for 5 deals	Asea Brown Boveri		
1991	Dolmel	Poland	Manufacturing	55.0	14.9	14.9	proceeds estimated, $70Mn committed for 5 deals	Asea Brown Boveri		
1991	ZWUS	Poland	manufacturing	30.0	14.9	14.9	proceeds estimated, $70Mn committed for 5 deals	Asea Brown Boveri		
1991	Lamina	Poland	N/A	60.0	14.9	14.9	proceeds estimated, $70Mn committed for 5 deals	Asea Brown Boveri		
1991	Wolczanka	Poland	Textiles	64.0	17.3	0.0		local investors		
1991	Fampa	Poland	Pulp & Paper Products	80.0	8.1	6.5	$15 Mn in future investment	Beloit (US) (80%)		
1991	Tonsil	Poland	Electrical/Electronics	100.0	6.3	0.0		local investors		
1991	Polkolor	Poland	Electrical/Electronics	51.0	35.7	35.7		Thomson (US)		
1991	Huta Warszawa	Poland	Steel	51.0	35.0	35.0	$1.0 Mn committed	Lucchini Group		
1991	Krosno	Poland	Glass	73.3	6.9	0.0		local investors		
1991	Zywiec	Poland	Brewery	100.0	23.7	4.7		Bank H.K., Invesco (10% each)		
1991	Slaska Fabryka, Kabli S A	Poland	Manufacturing	[illegible]0	40.4	0.0		local investors		
1991	Swarzedzka Fabryka Mebli	Poland	Furniture	92.0	25.2	4.2	Warta 13.8%, IFC 3%	Warta, IFC		
1991	Pollena-Nowy Dwor Mazowiecki	Poland	Detergent	80.0	5.0	5.0		Benckiser (Germany) (80%)		
1991	Pollena-Bydgoszcz SA	Poland	Cosmetics	80.0	20.0	20.0	$24 Mn future investments received	Unilever (80%)		
1991	Wedel	Poland	Foodstuffs	40.0	25.0	25.0	$56 Mn future investments	PepsiCo (40%)		
1991	Okocim	Poland	Brewery	100.0	38.6	0.0	proceeds estimated	local investors		
1991	Swarzedz	Poland	Furniture	55.3	N/A	N/A	split 36%/ 19.3% - domestic/ foreign	private investors		
1991	Pollena-Raciborz	Poland	Detergent	72.4	16.0	16.0	$24 Mn future investments	Henkel		

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(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS	Foreign Exchange
1991	Pollena	Poland	Detergent	100.0	20.0	20.0		Unilever		
1991	Alima	Poland	Foodstuffs	60.0	11.2	11.2	$18 Mn future investments received	Gerber Products		
1991	Prochnik	Poland	Textiles	80.0	6.3	0.3	4.4% foreign investors	private investors		
1992	Elektrim	Poland	Power Utility	59.0	10.0	1.7	10% ABB	Asea Brown Boveri		
1992	Telfa	Poland	Electrical/Electronics	80.0	28.0	28.0	$45 Mn future investments	AT&T		
1992	Malta paper mill	Poland	Pulp & Paper Products	80.0	0.0	0.0	$1.2 Mn future investments over 4-5 years committed	Kronospan GmbH (Germany)		
1992	Export Development Bank	Poland	Banking	47.5	11.9	11.9		private investors		
1992	Fabryka Samochodow Malolitrazowych	Poland	Automobiles	90.0	0.0	0.0	joint venture, $180 Mn committed, $830Mn over 5 years	Fiat		
1992	Elta	Poland	Electrical/Electronics	51.0	10.4	10.4		Asea Brown Boveri (51%)		
1992	Kwidzyn Pulp and Paper Company	Poland	Pulp & Paper Products	80.0	120.0	120.0	$175Mn over 5 years committed	International Paper (US)		
1992	Porcelana Walbrzych	Poland	prorcelain	70.0	3.1	3.1	proceeds estimated	S and K Holding Ldt		
1992	Piwo Olsztyn	Poland	brewery	53.0	7.3	7.3	proceeds estimated	Jozef Adelson		
1992	Rozalia	Poland	glass	80.0	0.1	0.0	proceeds estimated	Minex (poland)		
1992	Romeo	Poland	textiles	80.0	3.5	3.5	proceeds estimated	Adolf Ahlers		
1992	Proamed	Poland	N/A	80.0	11.4	0.0	proceeds estimated	Batax (Poland)		
1992	Chifa	Poland	surgigal instruments	80.0	2.8	2.8	proceeds estimated	Aesculap AG		
1992	Mieso Opole	Poland	meat processing	55.0	3.5	3.5	proceeds estimated	Penatex GmbH		
1992	Reszowskie Zaklady Warzyw Niczoowocowe	Poland	consumer goods	60.0	11.3	11.3		Gerber		
1992	Zaklady Przemyslu Ziemniaczan Ego Glowno	Poland	potato processing	80.0	N/A	N/A		Basic American Food		
1992	Wizamet	Poland	manufacturing	80.0	N/A	N/A		Gilette (US)		
1992	Huta Szkla Okiennego Sandomierz	Poland	glass	70.0	0.0	0.0	joint venture, $100 Mn future investment by IFC and EBRD	Pilkington (UK) (40%), IFC, EBRD (15% each)		
1992	PWN	Poland	Printing & Packaging	50.0	1.0	1.0		Luxembourg Cambridge Group		
1992	Cieszynskie Zaklady Kartoniarskie	Poland	Pulp & Paper Products	80.0	0.3	0.0		Synteza		
1992	Pod Orlem	Poland	Hotels	100.0	1.4	0.0		Purac	(67)	
1992	Amino	Poland	Foodstuffs	80.0	8.8	8.8		CPC International (US)(80%)	713.5	490.5
1989	Alianca Seguradora SA	Portugal	Insurance	49.0	44.0	29.0	split 16.3%/ 16.3%/ 16.3%	Union des Assurances/Mague/Investment Fund		
1989	Companhia de Seguros Tranquilidade	Portugal	Insurance	49.0	172.0	N/A		N/A		
1989	Banco Totta & Acores	Portugal	Banking	49.0	213.0	N/A		N/A		
1989	Unicer	Portugal	Brewery	49.0	65.0	N/A		N/A		
1990	Companhia de Seguros Tranquilidade	Portugal	Insurance	51.0	144.0	0.0		Espirito Santo Group		
1990	Transinsular	Portugal	N/A	51.0	13.0	N/A		N/A		
1990	Unicer	Portugal	Brewery	51.0	227.0	N/A		N/A		
1990	Banco Totta & Acores	Portugal	Banking	31.0	157.0	N/A		N/A		
1990	Banco Portugues do Atlantico	Portugal	Banking	32.0	N/A	N/A		N/A		
1990	Centralcer	Portugal	Brewery	100.0	255.0	N/A		N/A		
1991	Companhia de Seguros Bonanca	Portugal	insurance	60.0	128.0	N/A		N/A		
1991	Banco Fonsecas & Burnay	Portugal	Banking	80.0	240.0	0.0		Banco Portugues de Invest		
1991	Alianca Seguradora SA	Portugal	Insurance	51.0	50.0	0.0	public offer	private investors		
1991	Diario de Noticias	Portugal	Newspapers/Print Med	100.0	58.0	N/A		private investors		
1991	Banco Espirito Santo e Comercial de Lisboa	Portugal	Banking	40.0	450.0	0.0		Espirito Santo Group/private investors		
1991	Sociedade Financiera Portuguesa	Portugal	Holding Company	100.0	110.0	N/A		private investors		
1991	Bonanca	Portugal	insurance	100.0	128.0	N/A		N/A		
1992	Banco Espirito Santo e Comercial de Lisboa	Portugal	Banking	60.0	659.0	0.0		Espirito Santo Group		
1992	Petroleos de Portugal	Portugal	Petroleum/Petrochemic	25.0	229.0	229.0		TOTAL Consortium	(20)	
1992	Banco Portugues do Atlantico	Portugal	Banking	20.0	377.0	N/A		private investors	3,719.0	258.0
1992	Ursus	Romania	Brewery	100.0	N/A	N/A	split 51% 49%	domestic/foreign investors	(2)	
1992	Vranco	Romania	Clothing	71.0	N/A	N/A		Incom	0.0	0.0
1991	Cemash	Russia	Manufacturing	100.0	35.0	35.0		Begemann		
1991	Kiev Aircraft/Tupelev Design	Russia	Aircraft	N/A	N/A	N/A		Batterymarch Financial		
1991	Raznoimport	Russia	Export/Trading	90.0	N/A	N/A		corporate investors		
1991	Leningrad Optical & Mechanical	Russia	Optics	N/A	N/A	N/A		Batterymarch Financial		
1991	Soyuzneftexport	Russia	Petroleum/Petrochemic	100.0	N/A	N/A		management/employees		
1991	Lenmitz	Russia	Manufacturing	N/A	N/A	N/A		Batterymarch Financial		
1992	Uritsku Tobacco factory	Russia	Tobacco	52.0	25.0	25.0		RJR Nabisco	(8)	
1992	Prestige Cruise	Russia	Ship Building	N/A	12.8	12.8		Costa Crociere	72.8	72.8
1989	Iscor	South Africa	N/A	100.0	1,300.0	N/A		N/A	(2)	
1989	Alusaf	South Africa	N/A	30.7	100.0	N/A		Gencor (further 20% to employees)	1,400.0	0.0
1989	Korea Electric Power Corp	South Korea	Power Utility	21.0	2,100.0	N/A		N/A	2,100.0	0.0
1989	United Motors	Sri Lanka	Automobiles	100.0	2.6	0.1		Japanese investors		
1990	Dankotuwa Porcelain	Sri Lanka	Porcelain	50.0	2.6	2.6		Japanese investors		
1990	Thulhiriya Textile Mills	Sri Lanka	Textiles	100.0	5.0	5.0		Kabool Spinning/Korean investors		
1990	Pugoda Textiles Ltd	Sri Lanka	Textiles	100.0	2.3	1.5	split 60%/ 30%	Lakshmi Ltd (India)/local investors		
1990	Lanka Oxygen Ltd	Sri Lanka	trading/gas	100.0	2.2	1.5		Norwegian/domestic investors		
1990	Hotel Buhari Ltd	Sri Lanka	hotel	100.0	6.3	0.0		local investor		
1991	Ceylon Leather Products Corporation	Sri Lanka	Leather/Leather Produ	100.0	1.0	0.0		local investor		

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1991	Lanka Milk Foods	Sri Lanka	Printing & Packaging	100.0	18.3	0.0		local investor		
1991	Hunan Falls Hotel	Sri Lanka	hotel	70.0	0.3	0.0		local investors		
1991	Lanka Loha Hardware Ltd	Sri Lanka	manufacturing	100.0	0.8	0.0		local investors		
1992	Asian Hotels Corporation	Sri Lanka	Hotels	100.0	21.8	13.6		British investor		
1992	Distilleries Co	Sri Lanka	beverages	100.0	35.3	3.9	public issue	Singaporean/domestic investors		
1992	Lanka Porcelain Ltd	Sri Lanka	ceramics	51.0	2.2	2.2		foreign investor		
1992	Bogala Graphite Lanka Ltd	Sri Lanka	mining	40.0	2.6	2.6		foreign investor		
1992	Veyangoda Textiles Ltd	Sri Lanka	textiles	70.0	6.2	0.0		local investor		
1992	Mahaweli Marine Cements	Sri Lanka	cement	70.0	0.7	0.0		Swiss investor		
1992	Sathosa Motors Ltd	Sri Lanka	car trading	70.0	1.1	1.1		Japanese investor		
1992	Kahatagaha Lanka Graphite Ltd	Sri Lanka	mining	100.0	0.4	0.0		local investor		
1992	Ceylon Shipping Lines	Sri Lanka	transport	61.0	1.2	0.0		Local investor		
1992	Kelani Tyres Ltd.	Sri Lanka	manufacturing	70.0	9.1	0.9		UK/Hong Kong/Nova Lanka	(21)	
1992	Ceylon Oils and Fat	Sri Lanka	Agricultural Enterprises	70.0	1.9	1.7		Singaporean investor/Prima (Sri Lanka)	123.8	36.7
1989	Krung Thai Bank Ltd	Thailand	Banking	10.0	85.0	N/A		N/A	(2)	
1992	Thai Airways International	Thailand	Airlines	7.3	237.5	N/A		N/A	322.5	0.0
1989	Soc. Tog. de Boisson (STB)	Togo	manufacturing	25.0	0.5	0.5		Brasserie de Benin		
1990	Soc. Tog. de Hydrocarbures (STH)	Togo	petroleum/petrochemic	60.0	13.2	13.2		Shell Int.		
1990	Industrie Togolaise de Textiles (ITT-Togotex)	Togo	manufacturing	100.0	11.0	11.0		CHA Chiming de Hong Kong		
1991	Soc. Tog. de Transports Routier (Togoroute)	Togo	transport	100.0	0.6	0.3	51/49 split assumed	Erik Conradsen/local investors		
1992	Le Moteur	Togo	manufacturing	100.0	0.4	0.4		Suntaiyang (New York)	(6)	
1992	Soc. Tog. de Galvanisation de Toles (Sototoles)	Togo	manufacturing	100.0	2.3	2.3		Hage Metall (Burkina Faso)	26.0	27.7
1988	Comptoirs Siaxiens	Tunisia	construction	98.0	3.0	0.0	Tunis Stock Exchange Issue	local investor		
1988	Tunisie Bois	Tunisia	construction	98.0	3.4	0.0	Tunis Stock Exchange Issue	local investor		
1988	Chaffoteaux et Maury	Tunisia	metal	43.0	0.3	0.0	Tunis Stock Exchange Issue	local investor		
1989	SITEX	Tunisia	textiles	16.4	4.3	0.0	Tunis Stock Exchange Issue	local investor		
1989	STUMETAL	Tunisia	metal	98.9	9.8	1.0	Tunis Stock Exchange Issue	French participation (10% assumed)		
1990	Marbrerie Thala	Tunisia	construction	N/A	0.1	0.0	exact year of transaction not confirmed	local investor		
1990	Usine de Rades & Terrain (SIAC)	Tunisia	Agricultural Enterprise	N/A	0.9	0.0	exact year of transaction not confirmed	local investor		
1990	Carrelages Thala	Tunisia	construction	N/A	0.3	0.0	exact year of transaction not confirmed	local investor		
1990	Usine de dieue Ennagham (STD)	Tunisia	services	N/A	0.5	0.0	exact year of transaction not confirmed	local investor		
1991	Hotel Mahrouk (SHTT)	Tunisia	hotel	100.0	1.3	0.0	exact year of transaction not confirmed	STB		
1991	Cafe Maure (SHTT)	Tunisia	restaurant	100.0	0.7	0.0	exact year of transaction not confirmed	STB		
1991	Tunis Club\Cafe de Tunis (SDT)	Tunisia	restaurant	N/A	1.2	0.0	exact year of transaction not confirmed	Samir Mahru		
1991	Complexe El Mansourah (AFT)	Tunisia	hotel	N/A	3.2	3.2	exact year of transaction not confirmed	Italian investor		
1991	Unite minoterie semouliere (SIAG)	Tunisia	Agricultural Enterprise	N/A	1.3	0.0	exact year of transaction not confirmed	Mohamed Ben Hachi		
1991	STIPEC (5 chalutiers)	Tunisia	Agricultural Enterprise	N/A	1.5	0.0	exact year of transaction not confirmed	personnel		
1991	Carrelages Tunisiens	Tunisia	construction	N/A	1.8	0.0	exact year of transaction not confirmed	Hassine Lassoued		
1991	Confort SA	Tunisia	manufacturing	N/A	3.6	0.0	exact year of transaction not confirmed	Klani		
1991	El Iskan	Tunisia	services	N/A	1.3	0.0	exact year of transaction not confirmed	Societe Fantasia		
1991	Panta Loisirs	Tunisia	textiles	100.0	0.9	0.0	exact year of transaction not confirmed	Tunis Stock Exchange Issue		
1991	Universal Trading	Tunisia	trading	29.6	0.2	0.0	exact year of transaction not confirmed	Tunis Stock Exchange Issue		
1992	Hotel Skanes (SHTT)	Tunisia	hotel	100.0	5.3	0.0	exact year of transaction not confirmed	STB		
1992	Hotel Miramar (SHTT)	Tunisia	hotel	100.0	3.8	0.0	exact year of transaction not confirmed	Groupe Mhenni		
1992	Hotel Ulysse (SHTT)	Tunisia	hotel	100.0	3.6	0.0	exact year of transaction not confirmed	Groupe Echain		
1992	Hotel Tanit (3) (SHTT)	Tunisia	hotel	100.0	19.2	19.2	exact year of transaction not confirmed	French-Swiss investor group		
1992	Hotel Hannibal (SDSN)	Tunisia	hotel	N/A	14.1	0.0	exact year of transaction not confirmed	Groupe Mhenni		
1992	Magreb Tourisme	Tunisia	tourism	100.0	14.0	0.0	exact year of transaction not confirmed	Groupe Mhenni	(33)	
1992	Unite minoterie semouliere (GIAB)	Tunisia	Agricultural Enterprise	N/A	0.5	0.0	exact year of transaction not confirmed	Generale Industrielle du Nord	99.8	23.4
1988	Teletas Telekomunikasyon Endustri Ticaret	Turkey	Telecommunications	22.0	13.1	5.1	39/51 split	Alcatel BTM, local investors		
1988	Usas	Turkey	Aircraft Services	70.0	14.5	14.5		Scandinavian Airlines		
1988	Ansan-Meda	Turkey	Foodstuffs	100.0	13.6	13.6		Coca Cola		
1989	Citosan (5 plants)	Turkey	Cement	90.0	85.0	65.0	$80-75Mn next 5 yrs	Societe Ciment Francais		
1989	Aksaray Yem	Turkey	animal feed	40.0	0.5	0.0		local investors		
1989	Corum Yem	Turkey	animal feed	30.0	0.1	0.0		local investors		
1989	Eskisehir Yem	Turkey	animal feed	45.0	1.1	0.0		local investors		
1989	Kayseri Yem	Turkey	animal feed	13.3	0.1	0.0		local investors		
1989	Afyon Cimento	Turkey	cement	51.0	13.0	13.0		Societe Ciment Francais		
1989	Ankara Cimento	Turkey	cement	99.3	33.0	33.0		Societe Ciment Francais		
1989	Balikesir Cimento	Turkey	cement	98.3	23.0	23.0		Societe Ciment Francais		
1989	Soke Cimento	Turkey	cement	99.6	11.0	11.0		Societe Ciment Francais		
1989	Pinarhisar Cimento	Turkey	cement	99.9	25.0	0.0		local investors		
1990	Aslan Cimento (Kartal-Darica plant)	Turkey	Cement	100.0	97.0	97.0		Lafarge Coppee		
1990	Kepez Elektrik	Turkey	electricity	8.1	9.4	0.0		local investors		
1990	Petkim	Turkey	Petroleum/Petrochemic	7.8	145.8	0.0	public offer	local investors		

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1990	Erdemir	Turkey	steel	2.9	53.1	0.0	public offer	local investors		
1991	Migros	Turkey	Retail	38.4	5.8	0.0	public offer	local investors		
1991	Adana Kagit Torba	Turkey	paper	60.0	0.4	0.0		local investors		
1991	Konya	Turkey	Cement	31.1	17.7	0.0	public offer	local investors		
1991	Mardin	Turkey	Cement	25.5	9.2	0.0	public offer	local investors		
1991	Gunes Sigorta	Turkey	Insurance	30.0	18.9	0.0		GAN International		
1991	Turk Kablo	Turkey	Manufacturing	38.0	11.0	0.0		Nokia International		
1991	Adana	Turkey	Cement	17.2	28.0	0.0	public offer	local investors		
1991	DITAS	Turkey	Manufacturing	2.5	0.2	0.0	public offer	local investors		
1991	Petrol Ofisi	Turkey	Petroleum/Petrochemic	4.0	14.4	0.0	public offer	local investors		
1991	Nigde	Turkey	Cement	12.7	2.6	0.0	public offer	local investors		
1991	Tupras	Turkey	Petroleum/Petrochemic	1.6	6.0	0.0	public offer	local investors		
1991	TOFAS Turk Otomobil Fabrikalari	Turkey	Vehicles	0.9	6.1	0.0	public offer	local investors		
1991	Afyon	Turkey	Cement	39.9	8.4	0.0	public offer	local investors		
1991	GIMA	Turkey	Retail	4.2	0.4	0.0	public offer	local investors		
1991	Unye Cement	Turkey	Cement	2.9	0.1	0.0	public offer	local investors		
1991	Turk Hava Yollari	Turkey	Airlines	1.6	5.0	0.0	public offer	local investors		
1991	TOFAS Oto Ticaret	Turkey	Trade Shows/Advertisi	87.1	13.1	13.1		Fiat		
1991	TOFAS Oto Ticaret	Turkey	Vehicles	1.4	1.0	0.0	public offer	local investors		
1992	Corum Cimento	Turkey	cement	99.9	35.0	0.0		local investors		
1992	Denizli Cimento	Turkey	cement	100.0	70.1	0.0		local investors		
1992	Gaziantep Cimento	Turkey	cement	99.7	52.7	0.0		Rumeli Elektrik (Turkey)		
1992	Iskenderun Cimento	Turkey	cement	100.0	61.5	0.0		local investors		
1992	Sivas Cimento	Turkey	cement	100.0	29.4	0.0		local investors		
1992	Trabzon Cimento	Turkey	cement	100.0	32.6	0.0		Rumeli Elektrik (Turkey)		
1992	Netas Northern Electric Telecommunication A.S	Turkey	telecommunications	20.0	28.0	0.0		local investors		
1992	Caybank	Turkey	banking	49.0	2.5	0.0		local investors		
1992	Sekerbank	Turkey	banking	10.0	3.5	0.0	public offer	local investors		
1992	IDC	Turkey	mining	40.0	0.5	0.0	public offer	local investors		
1992	Nigde Cimento	Turkey	cement	87.1	22.5	0.0		local investors		
1992	Tat Konserve	Turkey	food processing	17.3	7.7	0.0		local investors		
1992	Camsan	Turkey	forest products	26.8	1.5	0.0		local investors		
1992	Gunaysu	Turkey	beverages	87.3	1.0	0.0		local investors		
1992	Ray Sigorta	Turkey	insurance	49.7	10.4	0.0		local investors		
1992	Polinas	Turkey	chemicals	30.0	6.8	0.0		local investors		
1992	Seker Sigorta	Turkey	insurance	13.4	0.9	0.0		local investors		
1992	Meysu	Turkey	beverages	98.2	1.2	0.0		local investors		
1992	Ankara Halk Ekmek	Turkey	food processing	3.8	0.1	0.0		local investors	(59)	
1992	Ipragaz	Turkey	Gas	49.3	65.0	65.0		Prima Gaz (France)	1,117.3	373.3
1992	Kremenchuh Tobacco Factory	Ukraine	Tobacco	N/A	4.0	4.0	controlling interest	R J Reynolds	(2)	
1992	Lvw Tobacco Factory	Ukraine	Tobacco	N/A	4.0	4.0	controlling interest	R J Reynolds	8.0	8.0
1990	Banco Comercial	Uruguay	Banking	N/A	15.0	15.0		Credit Suisse/Chemical/Dresdner/Banco General de Neg	15.0	15.0
1990	Banco Occidental de Descuento	Venezuela	Banking	88.0	9.4	[illegible]		Grupo Bancor		
1991	Banco Republica	Venezuela	Banking	91.0	60.8	0.0		Grupo Latinoamerica		
1991	Compania Anonima Telefonos de Venezuela (CATV)	Venezuela	Telecommunications	40.0	1,885.0	1,357.2	72% foreign	GTE, AT&T Consortium, Telefonica de Espana		
1991	El Tocuyo	Venezuela	Sugar	58.3	3.5	3.5		Wallace Int'l, CIMA, Electricidad de Espana		
1991	Telefonica Movil Celular	Venezuela	Telecommunications	100.0	[illegible]17.2	53.8	50% share of Bell assumed	Bell South, Sociedad Comtel (Ven), Financiera Bancor (Ven)		
1991	Venezolana Internacional de Aviacion (Viasa)	Venezuela	Airlines	60.0	113.3	85.0	75% foreign	Iberia Lineas Aereas and Banco Provincial		
1991	Banco Italo-Venezolano	Venezuela	Banking	25.5	62.8	0.0		Grupo Profesional		
1991	Astilleros Navales Venezolanos	Venezuela	Ship Building	88.7	20.8	0.0		H.L. Boulton Group (Ven.)		
1992	state owned hotels (4)	Venezuela	Hotels	100.0	16.0	5.5	34% foreign	local/foreign investors		
1992	Siderurgica Venezolana	Venezuela	Manufacturing	N/A	110.5	110.5	GDRs	foreign investors		
1992	Ceramica Cumana	Venezuela	Manufacturing	100.0	0.8	0.8		Toyota		
1992	CVF Central Carrapacoa	Venezuela	Sugar	100.0	2.5	0.0		Empresa de Recuperacion y Reactivacion de Industria	(16)	
1992	Central Rio Yaracuy	Venezuela	Sugar	100.0	7.2	7.2		Wallace Industrial Construction	2,399.6	1,823.2
1990	Aero Copy	Yugoslavia	Pulp & Paper Products	26.0	N/A	N/A		August Koehler AG		
1990	Tas	Yugoslavia	Automobiles	50.0	N/A	N/A		Volkswagen	(3)	
1991	Galenika Pharmaceuticals	Yugoslavia	Pharmaceuticals	75.0	380.0	380.0		SPI Pharmaceuticals	380.0	380.0
1990	Kompas International	Yugos-Slovenia	Tourism/Travel Agency	85.0	N/A	N/A		employees		
1992	Tobacna Tovarna Ljubljana	Yugos-Slovenia	Tobacco	100.0	41.0	41.0		Reemtsma/Seita	(3)	
1992	Papirnica Kolicevo	Yugos-Slovenia	Pulp & Paper Products	76.0	88.0	88.0		Sarrio	129.0	129.0
									([illegible])	
TOTAL									61,580.0	18,518.9

Privatization Transactions in Industrialized Countries- 1988-1992

(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS
1988	Embassy site/Tokyo and Sydney Centre	Australia	real estate	100.0	1,450.0			N/A	
1989	Aus. Industrial Development Corp.	Australia	finance	100.0	39.0			N/A	
1989	New South Wales Investment Corp.	Australia	finance	100.0	48.0	48.0		management and Bank of New Zealand	
1991	State Bank of Victoria	Australia	Banking	100.0	1,216.0			Commonwealth Bank	
1991	AUSSAT	Australia	Telecommunications	100.0	629.9			Optus	
1991	Commonwealth Bank of Australia	Australia	Banking	30.0	1,018.4			private investors	
1991	Asia Aircraft Services	Australia	Aircraft Services	29.1	N/A			Hong Kong Aircraft Engine	
1992	Sagasco	Australia	Petroleum/Petrochemic	19.9	73.1			Santos	
1992	Portland Aluminum Smelter	Australia	Metallurgy	10.0	127.6			Marubeni	
1992	Australian Satellite Corp	Australia	Telecommunications	100.0	N/A			Optus Consortium	
1992	First State Computing	Australia	services	100.0	6.8			Fujitsu Consortium	
1992	Australian Airlines	Australia	Airlines	100.0	290.0			Qantas Airways	
1992	State Insurance Office	Australia	Insurance	100.0	225.0			GIO	(13)
1992	Government Insurance Office	Australia	Insurance	100.0	925.0			private investors	6,0^6.8
1992	Vienna International Airport	Austria	Airport	28.0	153.0			private investors	
1988	VKW	Austria	Power/electricity	100.0	56.0			N/A	
1988	Verbund	Austria	Power/electricity	49.0	440.0			N/A	
1988	Austrian Airlines	Austria	Airline	20.0	73.0			N/A	
1989	OMV	Austria	N/A	100.0	125.0			N/A	
1989	EVN	Austria	N/A	100.0	125.0			N/A	
1989	Austrian Airlines	Austria	Airline	14.0	85.0			N/A	
1990	Verkehrsburo	Austria	finance	100.0	55.0			private investors	(9)
1991	Creditanstalt	Austria	Banking	1.0	35.0			Erste Allgemeine	1,127.0
1992	hotels	Bahrain	services	N/A	N/A			N/A	0.0
1992	Sabena World Airlines	Belgium	Airlines	37.5	90.2	90.2		Air France	90.2
1988	Air Canada	Canada	Airline	45.0	205.0			N/A	
1988	Hydro's rail division and B.C. Steamships	Canada	transport	100.0	47.0			N/A	
1988	Terra Nova Tel	Canada	Telecommunications	100.0	167.0			Newfoundland Telephone	
1988	Northwest Tel	Canada	Telecommunications	100.0	167.0			Bell Canada Enterprise	
1988	CNCP and Telecoms Terminal Systems	Canada	Telecommunications	100.0	195.0			CP	
1988	PAPCO	Canada	paper and pulp	100.0	53.0			Weyerhaeuser	
1988	gas reserves	Canada	energy	100.0	290.0			SaskOil	
1988	Hydro's mainland gas division	Canada	energy	100.0	616.0			Inland Natural Gas	
1988	CN Hotels	Canada	Services	100.0	220.0			Canadian Pacific	
1989	Prairie Malt	Canada	manufacturing	100.0	28.0			Schreier Malting	
1989	Air Canada	Canada	Airline	100.0	425.0			N/A	
1989	Potash Corporation	Canada	Heavy Industry	100.0	373.0			N/A	
1990	Telus	Canada	N/A	60.0	825.0			N/A	
1990	SaskOil	Canada	energy	100.0	129.0		each ADR = equity	N/A	
1990	Ipsco	Canada	N/A	100.0	17.0			N/A	
1990	Manitoba Data Services	Canada	services	100.0	19.0			N/A	
1991	Petro-Canada	Canada	Petroleum/Petrochemic	15.0	485.0			private investors	
1991	Telus	Canada	N/A	38.0	745.0			N/A	
1991	Potash	Canada	Heavy Industry	N/A	116.0			N/A	
1991	Cameco	Canada	N/A	100.0	86.0			N/A	
1992	Westcoast Energy	Canada	Gas	37.0	285.6			private investors	
1992	NovAtel Communications radio unit	Canada	Electrical/Electronics	100.0	41.9			Northern Telecom	
1992	Telesat Canada	Canada	Telecommunications	53.0	130.2			Alouette Consortium	
1992	Potash Corp of Saskatchewan	Canada	Chemicals	27.0	N/A			private investors	(24)
1992	NovAtel Communications wireless phone unit	Canada	Electrical/Electronics	100.0	24.1			TechTronic International	5,889.8
1990	National Life Insurance Co	Denmark	insurance	100.0	700.0			N/A	700.0
1988	Valmet (paper-making machinery)	Finland	manufacturing	20.0	187.0			N/A	
1988	Outokumpu	Finland	mining	20.0	116.0			N/A	
1989	Rautaruukki	Finland	N/A	12.6	107.0			N/A	
1991	Octaco	Finland	Petroleum/Petrochemic	N/A	100.0		split 65%/ 35%	Neste/Petrogal	(5)
1992	Neste battery division	Finland	Petroleum/Petrochemic	50.0	N/A			S E Del Acumulador Tudor	510.0
1988	Matra (missiles)	France	manufacturing	100.0	380.0			N/A	
1991	Transport Aerien Transregional	France	Airlines	35.0	N/A			N/A	
1991	Groupe Bull	France	Computers	4.7	N/A			NEC	
1991	Societe Nationale Elf Aquitaine	France	Petroleum/Petrochemic	N/A	485.7			N/A	
1991	Credit Local de France	France	Banking	25.0	376.0			N/A	
1992	Total	France	Petroleum/Petrochemic	12.4	1,030.0			N/A	
1992	Pechiney International	France	Printing/Packaging	6.2	290.0		private placement	N/A	(8)
1992	Groupe Bull	France	Computers	5.7	100.9	100.9		IBM	2,582.6

Table A-2

Privatization Transactions in Industrialized Countries- 1988-1992

(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS
1988	Volkswagen	Germany	manufacturing	16.0	815.0			N/A	
1988	Deutsche Verkehres Creditbank	Germany	banking	24.9	28.0			N/A	
1989	Deutsche Siedlungs-und Landesrentenbank	Germany	banking	100.0	237.0			N/A	
1991	Jenaphram	Germany	Pharmaceuticals	100.0	94.6		includes debt assumed	Gehe	
1991	Weissenfelser Backwaren	Germany	Foodstuffs	100.0	25.0			Borden	
1991	Lokomotivbau-Elektrotechnischen Werke	Germany	Manufacturer	100.0	177.0			AEG	
1991	Staatliche Versicherung (Deutsche Versicherung)	Germany	Insurance	51.0	151.2			Allianz AG	
1991	Deutsche Interhotel	Germany	Hotels	N/A	1,380.0			Groenke und Guttmann	
1991	Domhotel	Germany	Hotels	100.0	215.0	215.0		Hilton International	
1991	Deutsche Versicherungs	Germany	Insurance	49.0	278.4			Allianz AG	
1991	DePfa Bank	Germany	banking	46.5	245.0		(additional to 5,200 Treuhand deals)	N/A	
1991	Henningsdorfer Stahl	Germany	Steel	100.0	64.0			Riva Group	
1991	Verbundnetz Gas	Germany	Gas	5.0	29.4	29.4		Statoil	
1991	soft drink bottling & distribution plants	Germany	Beverage Producer/Bo	100.0	450.0	450.0		Coca Cola	
1992	Werk fur Fernsehelektronik	Germany	Electrical/Electronics	100.0	19.8	19.8		Samsung	
1992	Spezialbau	Germany	Construction	100.0	43.0	43.0		Maculen Holding	
1992	Bau-Tec	Germany	Construction	100.0	9.0	9.0		John Mowlem	
1992	Narva Berliner Gluhlampenwerk	Germany	Electrical/Electronics	100.0	174.0			Erhard Hartl Verwaltungs	
1992	Aktivkohleproduzenten A.U.G.	Germany	Chemicals	100.0	12.3	12.3		Carbon Link	
1992	Rathenower Optical Works	Germany	Optics	100.0	17.0		amount includes future committment	Optiplast	
1992	Hennigsdorf & Brandenburg Steelworks	Germany	Steel	N/A	62.1	62.1		Riva	
1992	KAB	Germany	Engineering	100.0	13.1	13.1	amount = future committment	Kaneb Services	
1992	Minol Mineralolhandel	Germany	Petroleum/Petrochemic	100.0	4,500.0	2,250.0	50/50 split assumed	Elf Aquitaine/Thyssen Handelsunion	(25)
1992	Mitteldeutsche Wasser-und Umwelttechnik	Germany	Water Utility	100.0	61.2	61.2		Thames Water	8839.8
1990	Olympic Catering	Greece	services	66.0	42.0	42.0		Southern Pacific Hotel Corp. (NZ)	
1990	Velka	Greece	Textiles	N/A	N/A			N/A	
1990	Karafina	Greece	Sanitary Equipment	N/A	N/A			N/A	
1990	Ariston	Greece	Textiles	N/A	N/A			Rank Group	
1990	Athens Paper Mills	Greece	Pulp & Paper Products	N/A	N/A			Capital Markets	
1991	Bank of Pireaus	Greece	banking	100.0	17.0			Idiotiki Trapeza	
1991	Cambas	Greece	N/A	100.0	35.0	35.0		J. Boutari	
1991	Elvin	Greece	N/A	100.0	10.0	10.0		Merlin Gerin	
1991	Halkis	Greece	N/A	100.0	170.0	170.0		Calcestruzzi	
1992	Heracles General Cement	Greece	Cement	69.8	647.1			Calnat	
1992	Elinda	Greece	Electrical/Electronics	100.0	N/A			Elco-Vayonia/employees	
1992	Eleusis shipyards	Greece	Ship Building	100.0	60.0		$12Mn cash, $48Mn assumed debt	Peratikos consortium	(13)
1992	Piraiki-Patraiki Textil GmbH	Greece	Textiles	100.0	N/A			Neue Baumwoll-Spinnerei	981.1
1992	Shanghai container port	Hong Kong	Ports/Docks	50.0	181.1	0.0		Hutchison Whampoa	(2)
1992	Hong Kong Air Cargo Terminals Ltd.	Hong Kong	Airport Services	10.0	13.7	13.7		China National Aviation Corp	194.8
1991	Greencore	Ireland	Sugar	42.0	142.0			N/A	
1991	Irish Life	Ireland	Insurance	56.0	347.0			N/A	(3)
1992	Greencore	Ireland	Sugar	14.9	N/A			Investment Bank of Ireland	489.0
1988	Paz Petroleum	Israel	energy	74.0	95.0	95.0		Australian Investors	
1989	Jerusalem Economic Corp	Israel	finance	82.0	53.0			N/A	
1990	Bezek	Israel	N/A	6.0	74.0		US ADR issue	N/A	
1991	Bezeq Israel Telecommunication Corporation	Israel	Telecommunications	16.0	N/A			N/A	
1992	United Mizrahi Bank	Israel	Banking	26.0	100.0			Gad Ze'evi	
1992	IDB Holding	Israel	Holding Company	42.5	357.0			private investors/Recanti Family	(7)
1992	Israel Chemicals	Israel	Chemicals	20.0	235.0			private investors	914.0
1988	Mediobanca	Italy	banking	31.9	840.0			consortium of financial institutions	
1989	VM Motori	Italy	manufacturing	100.0	51.0			N/A	
1989	Enimont	Italy	N/A	20.0	936.0			N/A	
1991	Banco di Roma	Italy	Banking	100.0	N/A			Cassa di Risparmio	
1991	Banco di Napoli	Italy	Banking	20.0	81.9			N/A	
1991	Banco di Santo Spirito	Italy	Banking	100.0	N/A			Cassa di Risparmio	
1991	STET	Italy	Telecommunications	N/A	275.0		"Savings" shares	N/A	
1992	Sidermar	Italy	Shipping	49.0	N/A			N/A	
1992	Cementerie del Tirreno	Italy	Cement	51.8	388.0			Caltagirone	
1992	STET	Italy	Telecommunications	16.0	592.1			N/A	
1992	Elsag Bailey	Italy	Engineering	7.1	N/A		transaction on Milan Exchange	Credit Lyonnais Group	
1992	Seleco	Italy	Electrical/Electronics	N/A	N/A			Sofin	
1992	Pai	Italy	Foodstuffs	100.0	21.6			Unichips	
1992	Consorzio de Credito per le Opere Pubbliche	Italy	Banking	50.0	1,842.0			Instituto San Paolo Torino	
1992	Societa Italiana per l'Esercizio delle Telecomunicazioni	Italy	Telecommunications	20.5	340.7			N/A	

Privatization Transactions in Industrialized Countries- 1988-1992

(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS
1992	Istituto Bancario San Paolo Di Torino	Italy	Banking	20.0	1,220.0			N/A	(16)
1992	Capolo Gestioni Industriali	Italy	Steel	N/A	N/A		majority stake	Europe Capital Partners	6,588.2
1988	Nippon Telegraph and Telephone	Japan	Telecommunications	9.6	22,800.0			N/A	22,800.0
1989	NMB-Postbank	Netherlands	banking	100.0	627.0			N/A	
1989	SMZ (ferry)	Netherlands	transport	100.0	38.0	38.0		Stena (Sweden)	
1989	DSM	Netherlands	N/A	66.0	1,435.0			N/A	
1991	Vredestein	Netherlands	N/A	45.0	10.0			Vico	(5)
1991	Volvo Car	Netherlands	manufacturing	35.0	140.0	140.0		Volvo and Mitsubishi	2,250.0
1988	NewZealand Steel	New Zealand	Steel	100.0	210.0			Equity Corp.	
1988	DFC	New Zealand	Finance	100.0	70.0	14.0	split 80/20	Nat. Prov. Fund/Salomon Brothers	
1988	Petroleum Corp	New Zealand	energy	70.0	500.0			Fletcher Challenge	
1989	Postbank	New Zealand	Banking	100.0	424.0			ANZ Banking Group	
1989	Air New Zealand	New Zealand	Airlines	100.0	420.0	63.0	split 35%/ 20%/ 15%/ 30%	Brierly Investments/Qantas/American Airlines/private investors	
1989	NZ Shipping	New Zealand	transport	100.0	25.0			Associated Container Transpotation (NZ)	
1990	Bank of New Zealand	New Zealand	Banking	30.0	N/A			Girozentrale/Zentralsparkasse/management	
1990	State Insurance Office	New Zealand	Insurance	100.0	435.0			Semitech Microelectronics	
1990	Synfuels/Maui Gas	New Zealand	energy	100.0	222.0			N/A	
1990	Export Guarantee Office	New Zealand	finance	100.0	15.0			N/A	
1990	Government Printing Office	New Zealand	services	100.0	14.0			N/A	
1990	forestry rights	New Zealand	agrobusiness	N/A	535.0	535.0		Baltica	
1990	Telecom Corporation of New Zealand	New Zealand	Telecommunications	100.0	2,510.0			N/A	
1990	Tourist Hotel Corp	New Zealand	services	100.0	44.0	44.0		Lufthansa	
1992	Bank of New Zealand	New Zealand	Banking	57.0	787.0	787.0	amount paid for entire bank	National Bank of Australia	
1992	Wellington city bus service	New Zealand	Road Transport	100.0	4.3			Stagecoach	(17)
1992	Ngaere oil fields	New Zealand	Petroleum/Petrochemic	100.0	65.0			Fletcher Challenge Consortium	6,280.3
1990	Norsk Jern Holding	Norway	N/A	80.0	82.0			Norwich Union	(2)
1990	Raufoss	Norway	N/A	N/A	45.0	45.0	state retains Kiwi share	Bell Atlantic/Ameritech	127.0
1990	Singapore Petroleum Corp	Singapore	petroleum	100.0	58.0	N/A		N/A	
1990	Singapore Shipbuilding and Engineering	Singapore	engineering	100.0	32.0	N/A		N/A	
1990	Singapore Aerospace	Singapore	Aerospace	100.0	87.0	N/A		N/A	
1991	Singapore Computer	Singapore	manufacturing	100.0	22.6	N/A		N/A	
1991	SAL Industrial Leasing	Singapore	services	100.0	30.2	N/A		N/A	
1991	Singapore Electronic and Engineering	Singapore	engineering	100.0	26.3	N/A		N/A	(7)
1991	Singapore Automotive Engineering	Singapore	engineering	N/A	36.0	N/A		N/A	292.1
1988	Ence (paper-making)	Spain	manufacturing	100.0	50.0			N/A	
1988	Endesa	Spain	energy	100.0	750.0			N/A	
1989	Enasa	Spain	manufacturing	80.0	250.0	250.0		MAN/Daimler	
1989	Repsol	Spain	N/A	20.0	1,215.0			N/A	
1990	Dirsa	Spain	banking	100.0	120.0	120.0		Elkem and another group	
1990	Enasa	Spain	N/A	60.0	12.0			N/A	
1991	Tabacalera subsidiaries	Spain	services	100.0	240.0			N/A	(8)
1991	Empresa Nacional de Electricidad (Enasa)	Spain	Utilities	24.4	12.0	12.0		Iveco	2,649.0
1989	Procordia	Sweden	manufacturing	39.0	3,820.0			Volvo	
1991	Norsk Jetmotor	Sweden	Manufacturer	N/A	N/A			Pratt & Whitney/Snecma	
1991	Sydkraft	Sweden	Power Utility	10.5	N/A			Preussen Elektra (VEBA)	
1992	Svensk Avfallskonvertering	Sweden	Waste Management	N/A	65.0			N/A	
1992	Procordia	Sweden	Pharmaceuticals	2.3	N/A		share swap	Volvo	
1992	Swedish Steel	Sweden	Steel	N/A	N/A			institutional investors	(7)
1992	Hannover Papier	Sweden	Pulp & Paper Products	80.0	483.7			Sappi	4,368.7
1992	Kuoni	Switzerland	Tourism/Travel Agency	35.8	N/A			SG Warburg Soditic	0.0
1989	China Steel	Taiwan (China)	steel	8.3	285.0	N/A		N/A	
1991	China Steel Corp	Taiwan (China)	Steel	12.0	110.0	N/A	domestic offering	N/A	
1991	China Petroleum Development Corporation	Taiwan (China)	Petroleum/Petrochemic	20.0	295.0	N/A		N/A	
1992	Yang Ming Shipping	Taiwan (China)	Shipping	N/A	N/A	N/A		N/A	(5)
1992	China Steel Corp	Taiwan (China)	Steel	15.0	1,000.0	327.6	domestic/foreign offering (GDRs)	N/A	1,690.0
1988	Horwich Foundry	United Kingdom	Steel	100.0	1.1			N/A	
1988	British Steel	United Kingdom	Steel	100.0	4,500.0	1,125.0	25% to foreigners	private investors/employees	
1988	Rover Group	United Kingdom	Vehicles	99.8	85.6			British Aerospace	
1988	miscellaneous	United Kingdom	various	N/A	1,285.0			N/A	
1988	Rover Car Manufacturing	United Kingdom	Manufacturing	100.0	270.0			British Aerospace	
1988	Forestry Commission	United Kingdom	Forestry	N/A	85.0			N/A	
1988	Travellers Fare	United Kingdom	Foodstuffs	100.0	N/A			management	
1988	National Bus Company subsidiaries	United Kingdom	Road Transport	100.0	50.6			management/employees/private investors	
1989	South West Water	United Kingdom	Water Utility	N/A	N/A			N/A	
1989	Short Brothers	United Kingdom	Aerospace	100.0	48.0	48.0		Bombardier	

Privatization Transactions in Industrialized Countries- 1988-1992

(Dollar Amounts in Millions)

Year	Company	Country	Sector	Equity Share (in %)	Amount	Foreign Exchange	Financial Notes	Purchaser(s)	PROCEEDS
1989	Severn Trent	United Kingdom	Water Utility	N/A	N/A			N/A	
1989	Anglian Water	United Kingdom	Water Utility	N/A	N/A			N/A	
1989	Welsh Water	United Kingdom	Water Utility	N/A	N/A			N/A	
1989	General Practice Finance Corp.	U-ited Kingdom	finance	100.0	235.0			N/A	
1989	Harland and Wolff	United Kingdom	Ship Building	100.0	10.0			management/employees and Fred Olsen	
1989	British Rail Engineering	United Kingdom	Railroads	100.0	21.8		split 40%/ 40%/ 20%	Trafalgar House/Asea Brown Boveri/management	
1989	Br. Rail Engineering Ltd	United Kingdom	Engineering	100.0	22.0			Trafalgar House/Asea Brown Boveri/management	
1989	5 water utilities	United Kingdom	Water Utility	N/A	4,166.7		estimated proceeds (12 utilities for $10bn)	N/A	
1989	Wessex Water	United Kingdom	Water Utility	N/A	833.3		estimated proceeds (12 utilities for $10bn)	N/A	
1989	Nurthumbrian Water	United Kingdom	Water Utility	N/A	833.3		estimated proceeds (12 utilities for $10bn)	N/A	
1989	Yorkshire Water	United Kingdom	Water Utility	N/A	833.3		estimated proceeds (12 utilities for $10bn)	N/A	
1989	Thames Water	United Kingdom	Water Utility	N/A	833.3		estimated proceeds (12 utilities for $10bn)	N/A	
1989	Southern Water	United Kingdom	Water Utility	N/A	833.3		estimated proceeds (12 utilities for $10bn)	N/A	
1989	North West Water	United Kingdom	Water Utility	N/A	833.3		estimated proceeds (12 utilities for $10bn)	N/A	
1989	Dwr Cymru	United Kingdom	Water Utility	N/A	833.3		estimated proceeds (12 utilities for $10bn)	N/A	
1990	Southern Electric	United Kingdom	Power Utility	N/A	850.0		proceeds estimated (12 utilities for 10.2bn)	N/A	
1990	Norweb	United Kingdom	Power Utility	N/A	850.0		proceeds estimated (12 utilities for 10.2bn)	N/A	
1990	Girobank	United Kingdom	Banking	100.0	650.0			N/A	
1990	South Wales Electricity	United Kingdom	Power Utility	N/A	850.0	850.0	proceeds estimated (12 utilities for 10.2bn)	Banco Bilbao-Vizcaya	
1990	Manweb	United Kingdom	Power Utility	N/A	850.0	850.0	proceeds estimated (12 utilities for 10.2bn)	Iveco (Intl.)	
1990	East Midlands Electricity	United Kingdom	Power Utility	N/A	850.0		proceeds estimated (12 utilities for 10.2bn)	N/A	
1990	Eastern Electricity	United Kingdom	Power Utility	N/A	850.0		proceeds estimated (12 utilities for 10.2bn)	N/A	
1990	London Electricity	United Kingdom	Power Utility	N/A	850.0		proceeds estimated (12 utilities for 10.2bn)	N/A	
1990	Northern Electricity	United Kingdom	Power Utility	N/A	850.0		proceeds estimated (12 utilities for 10.2bn)	N/A	
1990	Seeboard	United Kingdom	Power Utility	N/A	850.0		proceeds estimated (12 utilities for 10.2bn)	Allaince & Leicester	
1990	Midlands Electricity	United Kingdom	Power Utility	N/A	850.0		proceeds estimated (12 utilities for 10.2bn)	N/A	
1990	SWEB	United Kingdom	Power Utility	N/A	850.0		proceeds estimated (12 utilities for 10.2bn)	N/A	
1990	Yorkshire Electricity	United Kingdom	Power Utility	N/A	850.0		proceeds estimated (12 utilities for 10.2bn)	N/A	
1991	National Power	United Kingdom	Power Utility	60.0	2,278.0			N/A	
1991	Scottish Bus Group	United Kingdom	transport	100.0	180.0			N/A	
1991	PowerGen	United Kingdom	Power Utility	60.0	1,395.0			N/A	
1991	British Telecommunications	United Kingdom	Telecommunications	21.9	9,990.0			N/A	
1991	Royal Portbury Docks	United Kingdom	Ports/Docks	100.0	N/A			First Corporate Shipping	
1991	Avonmouth Docks	United Kingdom	Ports/Docks	100.0	N/A			First Corporate Shipping	
1991	NTL	United Kingdom	N/A	100.0	120.0			N/A	
1991	Royal Edward Docks	United Kingdom	Ports/Docks	100.0	N/A			First Corporate Shipping	
1991	Tees & Hartlepool	United Kingdom	Ports/Docks	100.0	316.8			Teesside Holdings	
1991	British Airways engine plant	United Kingdom	Aircraft	100.0	478.7	478.7		General Electric	
1991	Scottish Power	United Kingdom	Power Utility	N/A	3,665.0			N/A	
1991	Scottish Hydro-Electric	United Kingdom	Power Utility	N/A	1,720.0			N/A	
1992	Belfast West	United Kingdom	Power Utility	100.0	N/A			NIGEN	
1992	Ballylumford	United Kingdom	Power Utility	100.0	N/A			British Gas	
1992	Trust Ports of Medway and Clyde	United Kingdom	Ports/Docks	100.0	79.1			management/employees	
1992	Coolkeeragh	United Kingdom	Power Utility	100.0	N/A			management/employees	
1992	Kilroot	United Kingdom	Power Utility	100.0	N/A			NIGEN	
1992	Port of Tilbury	United Kingdom	Ports/Docks	100.0	56.0			management/employees	
1992	Property Services Agency	United Kingdom	services	100.0	71.8			Tarmac (UK)	(63)
1992	British Technology Group	United Kingdom	Engineering	100.0	55.5			management/employees	47,852.1
1991	West Virginia liquor stores	USA	Spirits Producers & Me	100.0	20.0		retail franchise rights	N/A	(2)
1991	College Construction Loan Insurance Association	USA	Insurance	50.0	65.0		private placement	N/A	85.0
									(240)
TOTAL									123,149.6

Table A-3

FOREIGN DIRECT INVESTMENT FROM PRIVATIZATIONS, 1988-92
(in US$ Million)

	1988	1989	1990	1991	1992	TOTAL
Argentina	0	0	1101.9	853	2067.2	4,022.1
Bolivia	0	0	0	0	0	0.0
Brazil	0	0	0	54.1	0	54.1
Chile	139	115	0	0	0	254.0
China	0	0	0	0	0	0.0
Colombia	0	0	0	52	0	52.0
Czechoslovakia	0	0	22	527	1333.3	1,882.3
Honduras	12.4	0.3	0	0.5	0.1	13.3
Hungary	0	421.6	451.2	733.4	689.5	2,295.7
Jamaica	0	42	42	42	0	126.0
Malaysia	0	0	0	0	89.3	89.3
Mexico	55	0	115	787.3	91.2	1,048.5
Nigeria	0	0	0	0	0	0.0
Pakistan	0	0	0	4.2	11.2	15.4
Peru	0	0	0	0	139.8	139.8
Philippines	0	0	0	75	212.4	287.4
Poland	0	0	15.4	261.5	213.3	490.2
Portugal	0	29	0	229	0	258.0
Sri Lanka	0	0.1	10.6	0	26	36.7
Turkey	33.2	165	97	13.1	65	373.3
Venezuela	0	0	0	1499.3	13.5	1,512.8
TOTAL	239.6	773	1855.1	5131.4	4951.8	12,950.9

Table A-4

PRIVATIZATIONS AS SHARE OF FOREIGN DIRECT INVESTMENT, 1988-92
(in percent)

	1988	1989	1990	1991	1992	TOTAL
Argentina	0.00	0.00	54.88	34.97	44.05	35.55
Bolivia	0.00	0.00	0.00	0.00	0.00	0.00
Brazil	0.00	0.00	0.00	3.38	0.00	0.62
Chile	98.58	62.50	0.00	0.00	0.00	14.19
China	0.00	0.00	0.00	0.00	0.00	0.00
Colombia	0.00	0.00	0.00	12.38	0.00	2.36
Czechoslovakia	0.00	0.00	10.63	87.83	88.89	73.41
Honduras	25.83	0.59	0.00	1.11	0.24	5.78
Hungary	0.00	0.00	0.00	50.16	57.46	86.24
Jamaica	0.00	73.68	30.43	33.07	0.00	33.60
Malaysia	0.00	0.00	0.00	0.00	2.48	0.75
Mexico	2.12	0.00	4.37	16.53	1.47	5.45
Nigeria	0.00	0.00	0.00	0.00	0.00	0.00
Pakistan	0.00	0.00	0.00	1.63	4.07	1.31
Peru	0.00	0.00	0.00	0.00	65.02	41.86
Philippines	0.00	0.00	0.00	13.79	31.47	8.85
Poland	0.00	0.00	17.30	89.86	60.94	64.84
Portugal	0.00	1.67	0.00	11.33	0.00	3.00
Sri Lanka	0.00	0.50	24.65	0.00	34.67	13.01
Turkey	9.38	24.89	14.18	1.62	5.91	10.34
Venezuela	0.00	0.00	0.00	78.33	1.35	41.25
TOTAL	1.71	4.59	10.60	19.33	15.65	12.16

Note: FDI data for 1992 are World Bank and IMF staff estimates.

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